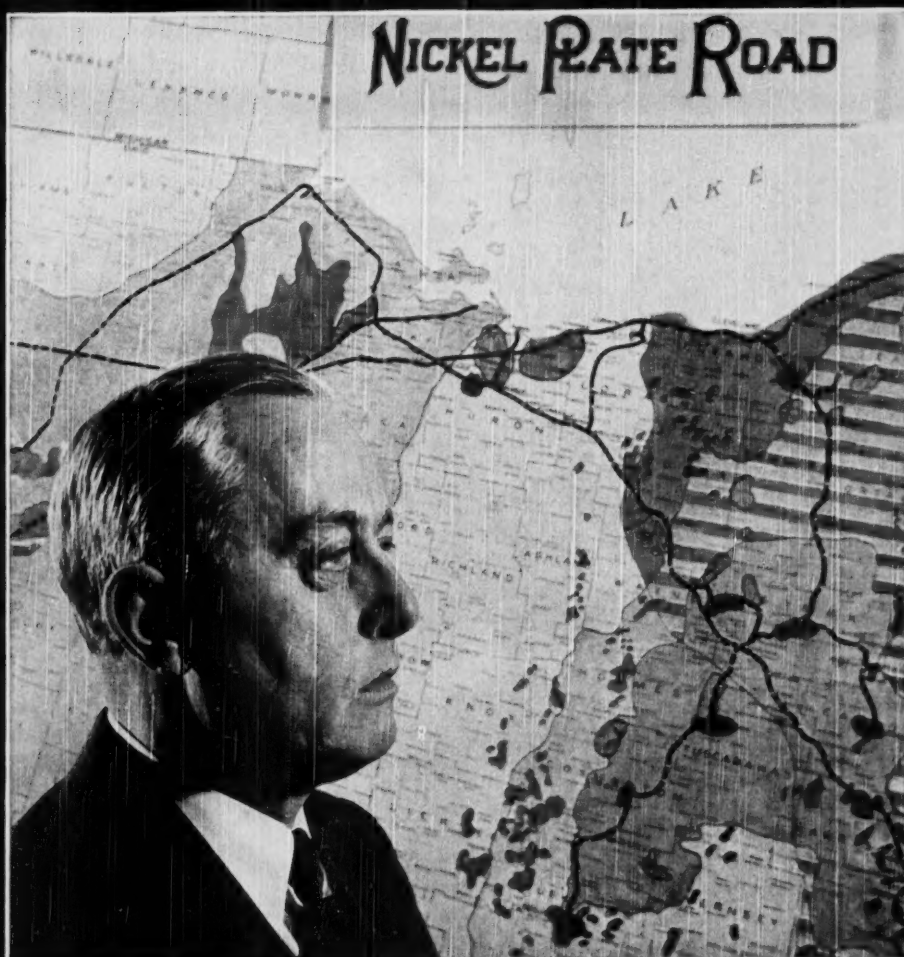


# BUSINESS WEEK

Pension Guidebook  
SPECIAL REPORT—PAGE 71



Lynne White: Nickel Plate proves there is still money in railroading (page 98)

A MCGRAW-HILL PUBLICATION

MAY 13, 1950

TWENTY-FIVE CENTS

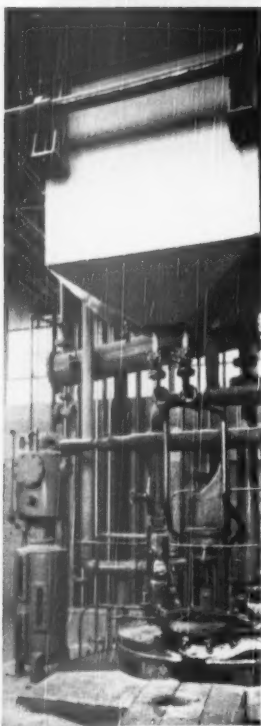


# Chemical Progress

News of developments from General Electric's Chemical Department that can be important to your business.

## HOW GENERAL ELECTRIC RESEARCH HELPS THE PROTECTIVE COATINGS INDUSTRY

Better Paints, Better Insulation, Silicone Products among G-E Contributions



Cooking varnish electrically. Photo: Courtesy, Interchemical Corporation

How did General Electric get into the chemical industry? G. E. has been concerned for many years with improving electrical insulation. In the course of research toward this end, General Electric developed the versatile class of synthetics now known as Glyptal® alkyd resins. These held so much promise as paint vehicles that G. E. concentrated on their development for that field. In addition to the Glyptals, G-E research has produced many other products which contribute to the progress of the coatings industry. Some are described here.

\*Reg. U. S. Pat. Off.

**Resists 500 F!** G-E's new silicone resins are designed for finishes subject to exposure to temperatures up to 500 F for long periods of time. Tests show no discoloration or loss of gloss after 1000 hours at that temperature. Weathering tests left such finishes unaffected after three years of exposure.

**Fast-Baking**—Recommended for use in formulating finishes for a variety of household appliances, Glyptal alkyd resin G-E 2520 has outstanding fast-baking characteristics, toughness, and adhesion. It may also be used effectively with G-E Glyptal 2572, for excellent color retention, and soap resistance.



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**G-E Permafil**—Investigate this new solventless resin for void-free insulation used to impregnate electrical coils.

### SEND FOR MORE DETAILS

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1 Plastics Avenue  
Pittsfield 15, Massachusetts.

Please send me more information on the items checked:

☐ G-E Silicone Resins ☐ G-E Anti-Silk Agent ☐ G-E 2557 ☐ G-E 2520 Glyptal ☐ G-E Permafil

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**GENERAL  ELECTRIC**

PLASTICS COMPOUNDS • SILICONES • INSULATING MATERIALS  
GLYPTAL ALKYD RESINS • PLASTICS LAMINATING AND MOLDING



## "What Makes It Good for Me?"

Charley, who owns a drug store, wants to know why he should care about a profit for the telephone company



**The Scene** -- A drug store in any one of thousands of cities and towns in the U. S. A.

**The Time** -- Lunch time. A man from the telephone company has dropped in. He's chatting with his friend Charley, who owns the store.

**CHARLEY:** "What d'ya mean—it's good for me when the telephone company makes a profit? You give me good service and all that but why should I care whether you make money or not? I'm having my own troubles, trying to put in a bigger soda fountain."

**AL:** "What d'ya mean, 'trying'? Can't you just up and do it?"

**CHARLEY:** "I've got to find me a partner with some capital. These things cost money."

**AL:** "Sure they do! It's the same with us at the telephone company. To keep

on giving you good service, and put in telephones for people who want them, we must have a lot more central office equipment and cable and other things. And to buy it, we have to get money from our stockholders. They expect a profit—just like your partner would."

**CHARLEY:** "I guess you're right. Nobody would invest his money here unless I could earn him a profit."

**AL:** "And here's something else, Charley. Those girls there at the far end of the fountain. They're telephone girls. They're spending a part of their wages with you—putting money into your till to help you make a profit. Thousands of dollars of telephone payroll money are spent right in this town, every week."

**ADEQUATE RATES AND EARNINGS** for the telephone company have a far-reaching effect. For only a strong and healthy telephone company can pay good wages, contribute to the prosperity of the community and provide an improving service for telephone users. Only through adequate rates and earnings can the telephone company—like Al's friend Charley in the drug store—attract the new capital that is needed to carry on the business.

It's the dollars from investors—from hundreds of thousands of everyday people—that build, improve and expand the best telephone service in the world for you to use at small cost.

**BELL  
TELEPHONE  
SYSTEM**



This  
is what  
Stainless Steel  
does  
to  
cleaning  
costs



**D**OWN, down, down to rock bottom go cleaning costs when you're dealing with time-tested Allegheny Metal. It happens in dairies, food-plants, hospitals, stores, restaurants, soda fountains, drug and chemical plants . . . everywhere!

In fact—and here's a truth for you to keep in mind—it costs far less over the long run to clean stainless steel and keep it clean than any other commercially-available metal. What's more, you can achieve more complete sanitation, get more lasting good looks and realize longer life in service. *No other metal* is as resistant to corrosion and heat as stainless steel—and at the same time as strong and as hard-surfaced and resistant to wear.

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\* \* \* \* \*

Complete technical and fabricating data—engineering help, too—are yours for the asking from Allegheny Ludlum Steel Corporation, Pittsburgh, Pa. . . . the nation's leading producer of stainless steel in all forms. Branch Offices are located in principal cities, coast to coast, and Warehouse Stocks of Allegheny Stainless Steel are carried by all Joseph T. Ryerson & Son, Inc. plants.

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**Allegheny Metal**



Here's a million-dollar question:



How many  
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OPPORTUNITIES  
HAVE YOU...** to increase  
your product's sales?



Give a product a useful new feature... give it the ability to supply to its users exact facts-in-figures on its performance or production... and you apply a powerful booster to sales.

This has been proved to manufacturers in almost every industry who have built Veeder-Root Counters into their products as integral parts, to count everything from coins inserted to parts produced. Few counter uses are alike... many were not apparent at all until a

Veeder-Root engineer was called in to see if he could figure one out. And today, it's worth anyone's time to find out if he can count his way to new sales (*perhaps even new markets*) with the competitive selling advantages gained by built-in Veeder-Root Control. How about your products? Write.

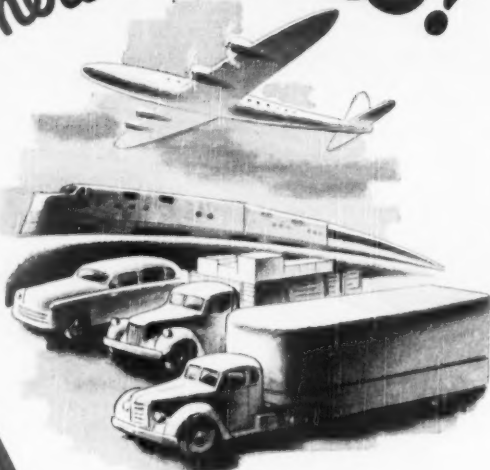
**VEEDER-ROOT INCORPORATED, HARTFORD 2, CONNECTICUT**  
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Belden fills critical requirements with products backed by over 40 years of experience and know-how. Making the right wire to meet your needs is Belden's business.

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plus protection  
in Belden  
Wire

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WIREMAKER FOR INDUSTRY

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BUSINESS WEEK • May 13, 1950



**NEW  
SOUND MOTION PICTURE  
TELLS COMPLETE STORY  
OF THE NEW ERA  
FOR ELEVATORS**

**See and hear how SELECTOMATIC  
solves any elevator traffic problem  
instantly and automatically . . .**

What kind of an elevator traffic condition gives you the most trouble? Incoming rushes? . . . outgoing surges? . . . intermittent traffic demand in either direction? . . . or a combination of all three? Whatever it is, Westinghouse Selectomatic will solve it instantly and automatically. Selectomatic is the unique "electrical brain" that matches calls, cars, and floors under all traffic conditions and reduces waiting time in some cases as much as 50%.

But, even a series of advertisements cannot illustrate all the benefits of Selectomatic. To dramatize the complete story of this ingenious electrical brain, Westinghouse has produced the 26-minute sound motion picture "Speeding Vertical Transportation with Selectomatic Elevators." See and hear the complete story of Westinghouse Selectomatic.

Write on your letterhead and we will gladly arrange a showing at your convenience at no cost. Elevator Division, Westinghouse Electric Corporation, Dept. A-1, Jersey City, New Jersey.

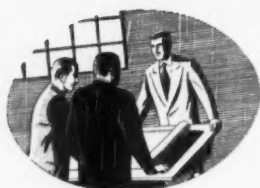
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**YOU CAN BE SURE . . . IF IT'S**

**Westinghouse**





## What an Appliance Maker learned from an Automotive Specialist about DIE CASTING...

BUILDING appliances was an old story to a well-known manufacturer but he knew the reputation of the automotive industry for getting quality products at low cost. He figured that any firm with the know-how to serve the car-making industry might be able to show him ways to improve quality and save money doing it. So when a rather unusual die casting and plating requirement came up, he got in touch with the Auto-Lite Die Casting Division. The result was an improved casting and a saving in money, too.

If you have a die casting requirement in which quality or price is a problem, or if you need the help of Auto-Lite's famous design and engineering experts, write to

**THE ELECTRIC AUTO-LITE COMPANY**  
Die Casting Division  
Woodstock, Illinois  
600 So. Michigan Ave.  
Chicago 5, Illinois

Lockland, Ohio  
723 New Center Bldg.  
Detroit 2, Michigan

# AUTO-LITE

die castings  
plastics  
wire and cable  
industrial  
thermometers

## Highlights In This Issue

### New Prop for Business

• It hasn't been much noticed yet, but the inventory liquidation of 1949 is over; stocks are beginning to show a rise. P. 19

### Costliest Auto Strike

• The 100-day Chrysler tieup hurt dealers, workers, suppliers—and it also hurt Chrysler. P. 20

### Canco's Big Move

• Even a two-block move is a six-month military operation when you have 1,200 people and 20,000 pieces of office equipment. P. 22

### K-F's Newest Short Cut

• A new, faster, cheaper way to make auto body dies—that's the latest from Kaiser-Frazer. P. 38

### Biggest of the Big

• In 1950, General Motors is making its bid to be first company ever to earn a billion after taxes. P. 52

### Guidebook to Pensions

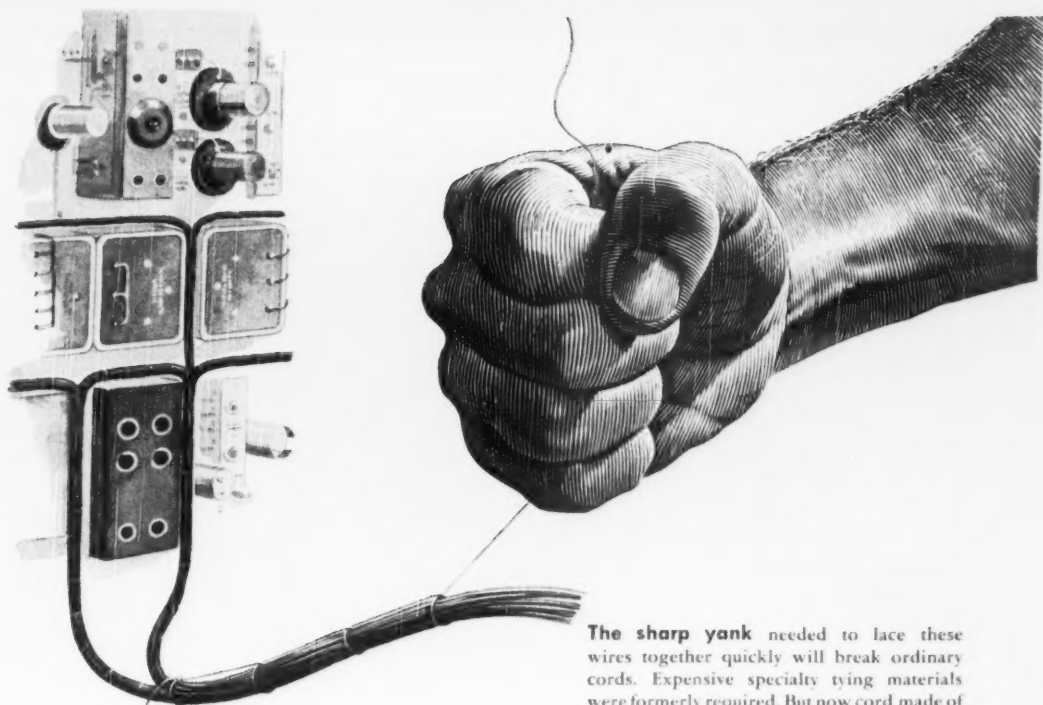
• What pensions mean to management—an eight-page BUSINESS WEEK Special Report to Executives. P. 71

### TV Sales Fadeout

• Hot weather doldrums start early this year. So manufacturers resort to some drastic measures. P. 80

## THE DEPARTMENTS

Business Abroad .....	121
Business Outlook .....	9
Cities .....	58
Finance .....	98
International Outlook .....	119
Labor .....	108
Management .....	52
Marketing .....	80
The Markets .....	106
New Products .....	48
Production .....	38
Readers Report .....	67
Regulations .....	32
Report to Executives .....	71
Research .....	94
Transportation .....	88
The Trend .....	128
Washington Outlook .....	15



The sharp yank needed to lace these wires together quickly will break ordinary cords. Expensive specialty tying materials were formerly required. But now cord made of "Cordura" Rayon is used because it has the necessary strength—and it costs much less.

This yarn  
may be exactly  
what you need

It's this yarn that makes tires cooler-running . . . without increasing cost. Makes hose 50% stronger . . . without increasing weight. Puts extra strength into conveyor belts . . . without increasing bulk. It's Du Pont Cordura\* High Tenacity Rayon—the man-made fiber that provides high strength at low cost.

Inherently stronger than natural fibers commonly used, "Cordura" is made of continuous filaments—no short ends to pull apart under strain. And it is absolutely uniform—a yarn with no weak spots!

Right now "Cordura" is finding many new uses—for instance, solving unusual problems like the one illustrated above. It may be exactly right to help you realize your ideas for cutting costs . . . for making a better product.

\*REG. U. S. PAT. OFF.



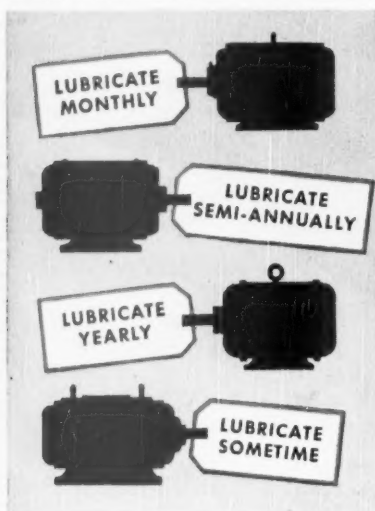
GET FULL INFORMATION about "Cordura" in this new manual, "Sineas for Industry." It gives physical properties of "Cordura," describes many successful applications . . . and tells you how Du Pont will help you profit from this yarn. Write Rayon Div., E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.



BETTER THINGS FOR BETTER LIVING . . . THROUGH CHEMISTRY

Du Pont "Cordura" High Tenacity Rayon—for high strength at low cost  
for RAYON . . . for NYLON . . . for FIBERS to come . . . look to DU PONT

YOU CAN BE **SURE**... IF IT'S  
**Westinghouse**



## Why take a chance with "Once-in-a-while" lubrication?

Why fuss with motors that require lubrication "every so often?" Whether it's monthly, yearly, every two or three years, or just an indefinite "sometime," it is as much trouble remembering when to lubricate, as it is to do the lubricating. And it certainly isn't a very good way of making sure bearings get proper greasing attention.

There *is* one way to be *sure*. That's with Life-Line motors. Lubrication is *positive*. Bearings are pre-lubricated and factory-sealed. No further lubrication is required!

This is the modern way of lubricating motors. Development of special lubricants, up-to-date manufacturing methods and special seals have made it possible.

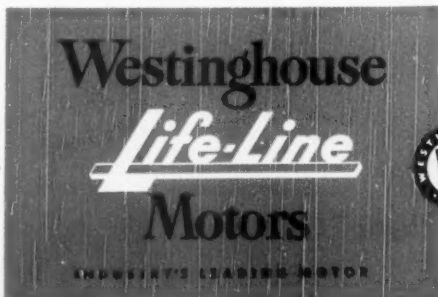
Records of nearly half a million motors, operating in every type of industry, indicate that pre-lubricated bearings offer: an average saving of

\$2.70 yearly per motor . . . 41% fewer motor outages due to faulty lubrication . . . complete freedom from lubrication attention.

Today, periodic lubrication is a costly nuisance. So why take a chance with it when Life-Line offers positive lubrication at no extra cost. See for yourself. Ask your Westinghouse representative for a copy of "Facts on Pre-Lubricated Bearings," B-4378, or write Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Pennsylvania.

J-21559

— If you figure LIFE-COSTS . . . you'll figure LIFE-LINE —



# BUSINESS OUTLOOK

BUSINESS WEEK

MAY 13, 1950



Physical volume of business in the current quarter will be only a shade below the peak three months of 1948.

Dollar figures won't compare quite so favorably. You have to sell more units today to get the same dollar volume, due to price declines.

But, because of lower prices, real personal income is up. In fact, during the early part of this year, personal income—even when measured in dollars—was pumped up to record levels by the GI insurance dividend.

Out of this "record" atmosphere emerges one question: Are production and sales of the first-half year borrowing from second-half demand?

•  
Most observers feel that much of the effect of the GI insurance money hasn't yet been seen; that a lot of the money was saved.

But it also can be argued that the veterans don't have those savings.

Many spent the money before they got it. They "saved" out of their government checks only in the sense that they repaid debts. That, you know, counts statistically as "saving" just as much as money put into the bank.

•  
Consumer spending patterns are due to shift before this year is out.

Durable goods, as everyone knows, have been getting more than their share of the consumer's dollar. But the boom in autos and new homes is bound to slow down late this year, if only seasonally.

Then softgoods stores expect to get back their old share of sales.

But will they? Won't less spending for autos and homes simply mean more saving? People have bought food and clothing all the while; they haven't gone without nondurable goods while buying durables.

•  
More and more concern is expressed about mounting personal debt.

The uneasiness is twofold: (1) People are mortgaging future income more and more; and (2) what will happen to trade when the volume of repayments finally equals or exceeds new credit?

•  
Cases of unhappy mortgage experience are relatively rare, but there are some. When down payments are too low, buyers are really renters. And when buyers pay more than they can afford, they're in trouble.

A while back, a mortgage lender in an eastern city was approached by a friend's son, a veteran. He wanted a mortgage on a \$10,000 house.

The lender tried to discourage him, to get him to start more modestly. Incensed, the prospective buyer went elsewhere and got the loan. This lender at once sold the mortgage to Fanny May.

A few months later, the veteran lost his job—and his home.

•  
Costs of building houses are rising rather ominously again.

The Chicago metropolitan area may not be typical, but it is at least indicative. Here are some Bureau of Labor Statistics findings:

Average cost of a single-family dwelling in 1948 was \$9,800; the low in May of that year was \$9,500; and the high in December \$10,300. There was a downtrend early in 1949, but that was soon reversed.

By March of this year, the price was up to a new high of \$11,500—and BLS reports that in April, building materials went up again in Chicago.

•  
Strikes continue to plague business. No sooner had Chrysler opened up

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**MAY 13, 1950**

again than firemen on four railways walked out this week. And the General Motors negotiations still hang in the balance.

But the effects of strikes are queer these days. They seem to hurt mainly the people involved, not the economy as a whole.

It may just be that, with employment high and production booming, strikes aren't the damaging factor they have been in times past.

Despite wages lost and profits missed, demand for the goods cut off by the strikes seems not to be snuffed out but simply deferred.

Steel "lost" during strikes is one of the things sustaining today's high production. Iron Age estimates such losses at 29-million tons in the last five years. That's nearly a third of a year's capacity output.

Bulging prices of steelmaking scrap continue to reflect the avid appetites of the steel furnaces. Scrap was up again this week, 50¢ here and \$1 a ton there, right across from Philadelphia to Chicago.

And steel operations, in turn, held above 100% of capacity.

New records in steel are a routine, everyday affair these days. So it's a safe bet that May will be the biggest month ever.

This week and this month look like sure things to set new auto records.

Chrysler rolled 4,000 cars off its lines the first day after its strike ended. This company's reopening should bring the week to an industry total of about 170,000 cars and trucks. That's a new weekly high by over 15,000.

For the month, Ward's Automotive Reports predicts that the old peak of 684,956 units, set last August, will go by the boards.

And for the record: Even with Chrysler down, first-quarter factory sales of motor vehicles set a new record at 1,635,966.

Electric energy output has been steadily widening its gain over a year ago. The last two weeks, it has been ahead by better than 11%.

Part of the improvement, of course, is due to declining business a year ago. But that can't account for gains as wide as these.

Significantly, too, the industrially diversified Great Lakes region now is running more than 12% ahead of last year.

Highest machine tool orders in March since 1946 add evidence that business outlays for plant and equipment will top expectations. That also is indicated by preliminary returns on a questionnaire sent leading corporations by Business Week.

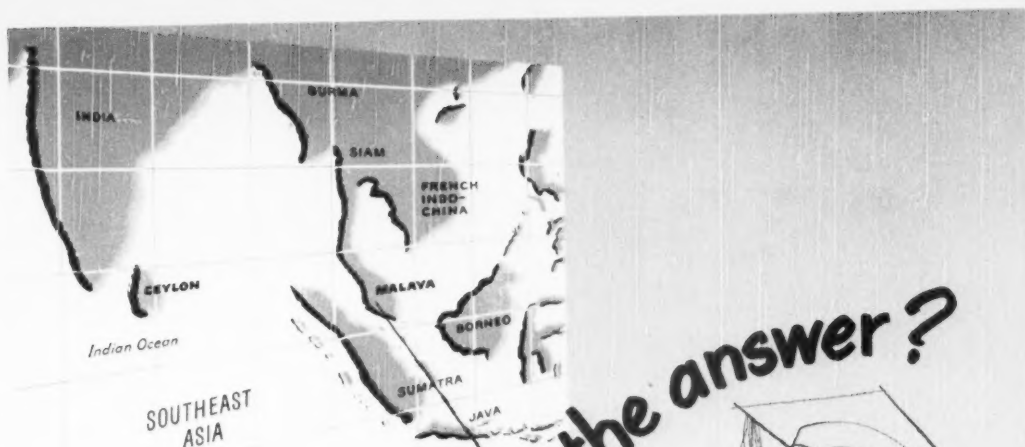
The Bureau of Labor Statistics this week estimated that machine tool business this year may top 1949 by 20%.

That's a nice bulwark against declines in other lines of business.

Higher tire prices now seem almost certain before long. The booming price of natural rubber is forcing the move.

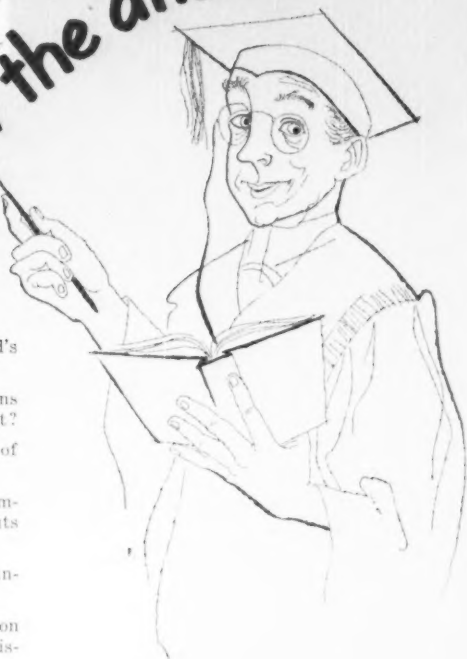
But, on paper, there is no reason for the rubber price to boom. The International Rubber Study Group sees the 1950 supply of natural crude as 1,605,000 tons against demand of only 1,465,000.





# Do you know the answer?

- Q. From Southeast Asia comes 90% of all the world's supply of what key agricultural product?
- Q. What can be made into soft, luxurious cushions and mattresses that practically never wear out?
- Q. What is the chief source of income for millions of families in Malaya?
- Q. What, when mixed with asphalt, shows real promise of making a road surface last longer and cuts down skidding?
- Q. What major agricultural product is completely unsubsidized and uncontrolled in its production?
- Q. What material, when used to make tires, saves on gasoline consumption because of less road resistance?



*There's only one answer...it's...*



## Natural Rubber

*Nature and Science Serving Mankind*

### Natural Rubber Bureau

1641 K St., N.W., Washington 6, D. C.



WRITE to the Natural Rubber Bureau for information about natural rubber and its uses. Current booklets include "Stretching Highway Dollars with RUBBER ROADS", "Convert to Comfort with LATEX FOAM", and a general fact booklet called "Natural Rubber—And YOU".

NATURAL RUBBER MEANS BETTER QUALITY AND LOWER PRICES IN HUNDREDS OF RUBBER PRODUCTS—FROM BABY NIPPLES TO GIANT TRUCK TIRES.



## Inside general managers

Nothing brings on that fluttery feeling like inventory uncertainty.

Unless he keeps *every* phase of inventory under rigid control, the General Manager may put too much into production, over-invest in materials or misjudge his inventory of finished goods. That's where the butterflies move in.

Rigid control requires accurate day-to-day information. McBee

Keysort enables the General Manager to coordinate finished goods, in-process and materials inventories with current sales and orders.

For Keysort can report *daily*, at less cost than any other method...

1. What is selling and what is not.
2. What is on hand, how long it's been there.
3. What must be bought or made.

McBee gives management daily

control of *all* inventory facts with simple, inexpensive, flexible machines and methods that executives in every field are using to save time and money.

That's why McBee sales have multiplied *sixfold* in a few years.

The McBee man near you can tell you how McBee can meet your particular problems. Ask him to drop in. Or write us.

See KEYSORT at work in the Annual Office Machinery and Equipment Exposition  
Municipal Auditorium, Cleveland, Ohio, May 22, 23 and 24, 1950

TO: FROM		CW		Each Day		THOUSANDS		HUNDREDS		TENS		UNITS		TENS		PRODUCT GROUP			
1	2	3	4	5	6	7	8	9	0	1	2	3	4	5	6	7	8	9	0
STOCK ITEM NO.																			
MONTH																			
DAY																			

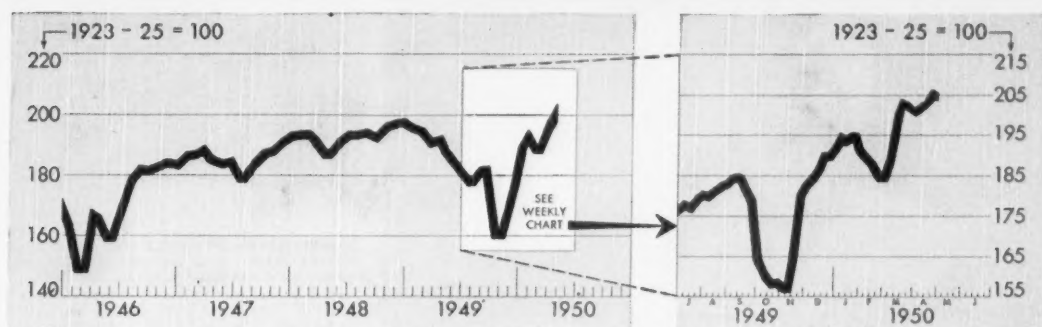
**This is the magic McBee Keysort card.**  
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# FIGURES OF THE WEEK



**Business Week Index (above)** . . . . . %205.7    †206.5    202.0    189.4    162.2

## PRODUCTION

Steel ingot operations (% of capacity)	100.1	100.2	97.8	96.2	97.3
Production of automobiles and trucks	146,583	†148,274	133,172	130,113	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$34,950	\$34,709	\$38,260	\$21,396	\$19,433
Electric power output (million kilowatt-hours)	5,872	5,902	5,898	5,284	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	5,058	5,014	4,998	4,953	3,842
Bituminous coal (daily average, 1,000 tons)	1,847	†1,863	2,171	1,955	1,685

## TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	76	75	73	74	86
All other carloadings (daily average, 1,000 cars)	48	46	47	57	52
Money in circulation (millions)	\$27,051	\$26,962	\$27,133	\$27,447	\$9,613
Department store sales (change from same week of preceding year)	-1%	+5%	None	-4%	+17%
Business failures (Dun & Bradstreet, number)	199	186	203	193	228

## PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Mar.	167.0	166.5	169.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	375.7	369.2	360.2	344.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	223.1	†221.8	219.1	231.7
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	319.5	314.3	306.9	287.8
Finished steel composite (Iron Age, lb.)	3.837e	3.837e	3.837e	3.705e
Scrap steel composite (Iron Age, ton)	\$32.08	\$31.08	\$28.83	\$22.75
Copper (electrolytic, Connecticut Valley, lb.)	19.500e	19.500e	18.500e	18.265e
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.32	\$2.31	\$2.31	\$2.26
Sugar (raw, delivered New York, lb.)	5.70e	5.67e	5.45e	5.76e
Cotton (middling, ten designated markets, lb.)	32.58e	32.73e	32.33e	33.07e
Wool tops (New York, lb.)	\$1.917	\$1.868	\$1.863	\$1.558
Rubber (ribbed smoked sheets, New York, lb.)	26.88e	†25.48e	23.74e	18.40e

## FINANCE

90 stocks, price index (Standard & Poor's Corp.)	144.9	143.6	141.6	118.3	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.24%	3.24%	3.22%	3.45%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.61%	2.60%	2.59%	2.70%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1-1½%

## BANKING (Millions of dollars)

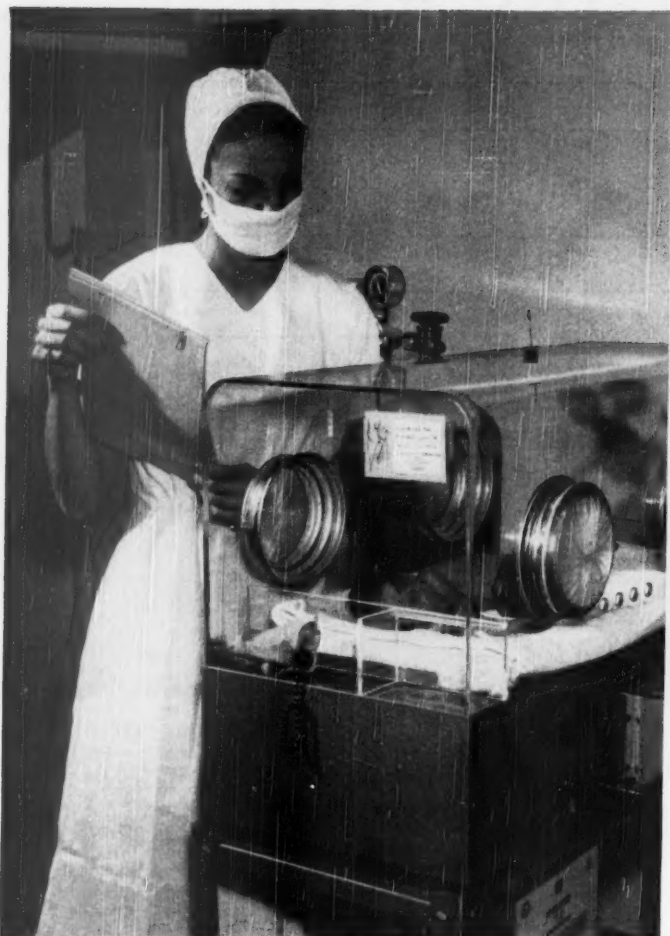
Demand deposits adjusted, reporting member banks	46,915	†47,149	45,981	45,822	††27,777
Total loans and investments, reporting member banks	66,491	†66,514	66,626	61,635	††32,309
Commercial and agricultural loans, reporting member banks	13,416	†13,475	13,729	13,976	††6,963
Securities loans, reporting member banks	2,437	2,427	2,334	2,085	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,887	†35,922	35,920	33,263	††15,999
Other securities held, reporting member banks	5,604	†5,676	5,582	4,365	††4,303
Excess reserves, all member banks	750	670	740	912	5,290
Total federal reserve credit outstanding	18,192	18,141	18,132	21,576	2,265

\*Preliminary, week ended May 6.

††Estimate (BW—Jul. 12 '47, p16).

†Revised.

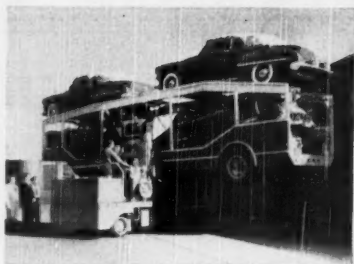
‡Date for "Latest Week" on each series on request.



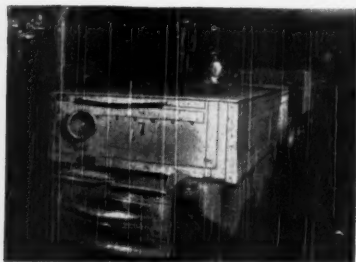
**INCUBATOR BABY THRIVES** in its electrically safeguarded house of glass. Tragedy might follow should electric current fail . . . and it can fail despite the utmost vigilance of light and power companies. Danger of current failure is avoided in many hospitals and other buildings by the use of Exide Emergency Power and Lighting Systems.



**BUS RIDERS** expect dependable, comfortable and economical service. To help provide it, many operators equip their buses with Exide Batteries for starting, lighting, ignition and other electrical services.



**30,000 POUND LIFT** is easy for this 110,000-lb. capacity truck. It is one of thousands of battery-powered materials-handling trucks needed by industry to maintain high production and keep down costs. The majority of these trucks, large and small, are powered by Exide Batteries.



**THIS COAL MINE HUSKY** is one of thousands of battery-powered locomotives and shuttle cars needed in mining the 650,000,000 tons of coal we use each year. The majority are powered by Exide Batteries.

In numerous ways Exide Batteries are serving you, for there are Exides for every storage battery need. They provide motive power for battery electric trucks, mine locomotives and shuttle cars. On railroads they provide power for car lighting, air-conditioning, Diesel locomotive cranking, signal systems. They are used on airliners, government and personal planes . . . and on ocean, harbor and river vessels.

Exide Batteries are used in telephone and telegraph service . . . in radio and television broadcast . . . in electric light and power plants . . . in municipal fire alarm systems. And on millions of cars, trucks and buses, they daily prove that, "When it's an Exide, you start."

Information regarding the application of storage batteries for any business or industrial need is available upon request.

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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
MAY 13, 1950



Congress is falling far behind schedule. And there's no sign that Truman's prodding on his western trip will speed things up.

**There's no effective discipline.** Members of both parties are uncertain about the political trend. So they are disposed to wrangle, which makes for delay, and vote as they please, rather than as they are told. Most of them can run their campaigns from Washington, using Congress as a sounding board. So there's no rush to get out.

**It will be mid-August before you get final scores on the big issues,** such as spending, taxes, social security, loans to business, etc. But you can get a firm sense of direction now, based on current sentiment in the House and Senate.

•  
**Odds still favor action on taxes.** Talk of dropping the bill isn't serious. After a new check of House and Senate sentiment, we think that Congress won't back down. It will vote the excise-tax cuts.

**The difficulty is in making up the revenue.** The House committee's cuts exceed \$1-billion. Loophole plugging will recover only some \$250-million. And a corporation rate rise hasn't much chance of staying in the final bill.

**Watch for a revised version of the Mills Plan,** which would make corporations pay up within six months after their tax year ends.

**The original scheme** would add near \$5-billion to receipts, but for one year only. Criticism of it has been that it would be rough on corporations which pay last year's tax out of current income.

**The new scheme** would spread the transition over five years, picking up about \$1-billion each year. The effect on business would be moderate.

**Hope is to "veto proof" the tax bill.** Committee members reason that if the bill doesn't alter the deficit picture for five years, Truman will have no complaint. Truman, they add, has implied that he will balance the budget in less time than that. Even if such a bill doesn't get by a veto, congressmen will be off the hook—and on record for excise cuts.

•  
**Spending will be on the rise through fiscal 1951.** Chances are, it will come close to Truman's \$42-billion budget for the 12 months starting July 1, and will leave an inflation-feeding deficit of \$6-billion.

**The economy drive in Congress is a flop.** The wrangling isn't making any big savings, but it is putting appropriations behind schedule. That means new orders and contracts will be slow again this year.

•  
**Social security expansion seems certain to make the grade.** The Senate Finance Committee stuck pretty close to the House-approved bill, and it now looks as if the final version will shape up along these lines:

- Pensions will be about doubled, on the average, but still will be short of union goals. The drive for private pensions will continue.
- Coverage will be extended to 10-million, chiefly self-employed, nonprofit employees and domestics (a headache for housewives).
- The payroll tax will stay at 1½% for the next few years.

**The trend is toward a pay-as-you-go pension system.** This means that



# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
MAY 13, 1950

in future years the government will pay out benefits as fast as it collects payroll taxes, with only a small insurance reserve fund.

**Financial aid to small business is off to a late start.** Truman promised it in January, but let four months slide by while his officials squabbled and delayed over details of the program (page 24). Congress likes the plan for insurance of bank loans up to \$25,000. But it has its doubts about the capital-bank scheme and liberalization of the RFC.

**Compulsory arbitration of railroad disputes** will get a push in Congress as a result of the firemen's walkout. Feeling is pretty strong that the rail labor law, once considered a "model," has been weakened by the load of minor disputes piled on it. The strike this week may be the straw that persuades Congress to act.

**Uniform brokerage fees are now suspect** under the antitrust laws. Note the Supreme Court's ruling in the Washington, D. C. real estate case: Commission-fixing is no different from price-fixing, hence illegal. Justice Dept. men think the ruling may also apply to stock and insurance brokers, perhaps even to engineers and architects. They plan tests.

**An antitrust suit to split up U. S. Steel may be filed this year.** A couple of months ago (BW-Mar.11'50,p15), Justice was inclined to sit on the case. But in the wake of Celler's monopoly hearings, there's fresh pressure to go to court. It would make a big election year splash.

**The attack would take this line:** U. S. Steel uses profits from ore and transportation to subsidize steelmaking, thus pressures competitors. Also, Big Steel has a potential stranglehold on some competitors in finishing and fabricating because they depend on it for steel.

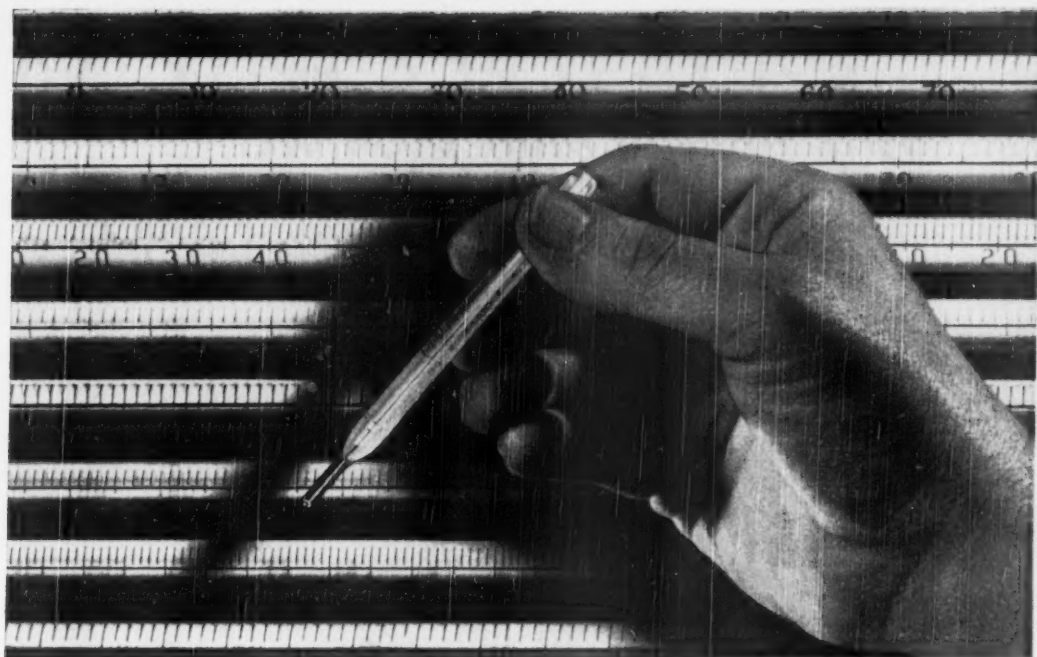
**The trustbusters' remedy:** dismemberment into ore, transportation, steelmaking, finishing and fabricating companies.

**Defense planning is being stepped up on orders from Truman.** This week's reorganization plan for the National Security Resources Board will give Chairman Symington full authority to go ahead and work out industrial mobilization and civilian defense plans.

**Symington gets a free hand to act** without consulting the board. It's an effort to make up for time lost while NSRB was headless.

**On the future level of defense spending,** Secretary Johnson has put Congress on notice that a bigger outlay may be called for next year. He thinks it is "entirely possible" that the U. S. will have to strengthen its own forces and supply more arms to allies abroad.

**Truman's comment that the defense budget will be down** was "off the cuff" at his last press conference before the nonpolitical swing. Johnson's position makes Truman's forecast look like a mere hope—which is the way most officials regard it.



## Precision Instruments from 3¢ worth of glass



When a precision product includes glass by Corning, it can often be made surprisingly inexpensive. For example, glass tubing for fever thermometers must be extremely accurate. Bores are  $\frac{1}{4}$  the diameter of human hair  $\pm .0003$ ". The tubing is drawn to include from one to three optically precise lenses which magnify the calibrations for easy reading. Yet, Corning produces thousands of feet of such precision tubing by mass production methods, effectively combining required accuracy with savings in cost.

Corning's vast storehouse of glass technology may hold equal promise for you. Low-cost, precision work is just part of the story. There are many advantages. Simply stated, Corning can formulate a

glass for you that *helps sell the product*. Glass with high resistance to physical and thermal shock obviously increases service life. Glass which is resistant to chemical attack broadens its field of application. Glass which is electrically stable solves many difficult electronic problems economically. Corning and PYREX brand glasses have nationwide consumer acceptance.

*Moral:* You don't have to be a thermometer manufacturer to take advantage of the knowledge Corning offers about glass. If you have a merchandising or manufacturing problem that glass might solve, check the characteristics you require in the form below and let us know about it. Our engineers welcome your inquiries.

Checked below are the characteristics we require for our product. Let us have your suggestions.

- |   |  |
|---|--|
| <input type="checkbox"/> Durability           | <input type="checkbox"/> Non retentive surface   |
| <input type="checkbox"/> Heat Indifference    | <input type="checkbox"/> Controlled Transparency |
| <input type="checkbox"/> Electrical Stability | <input type="checkbox"/> Optical Precision       |
| <input type="checkbox"/> Chemical Inertness   | <input type="checkbox"/> Hermetic Enclosure      |
| <input type="checkbox"/> Permanent Finish     | <input type="checkbox"/> Other _____             |

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# *Why men in high positions make down-to-earth decisions!*



**This corporation president** likes Pullman safety! "The state of the weather has nothing to do with the state of my mind when I go Pullman. I travel with complete peace of mind—undisturbed by any worries about changes in the weather. That's because I *know* I'm safer in a Pullman crossing the country than I am in my own home!"



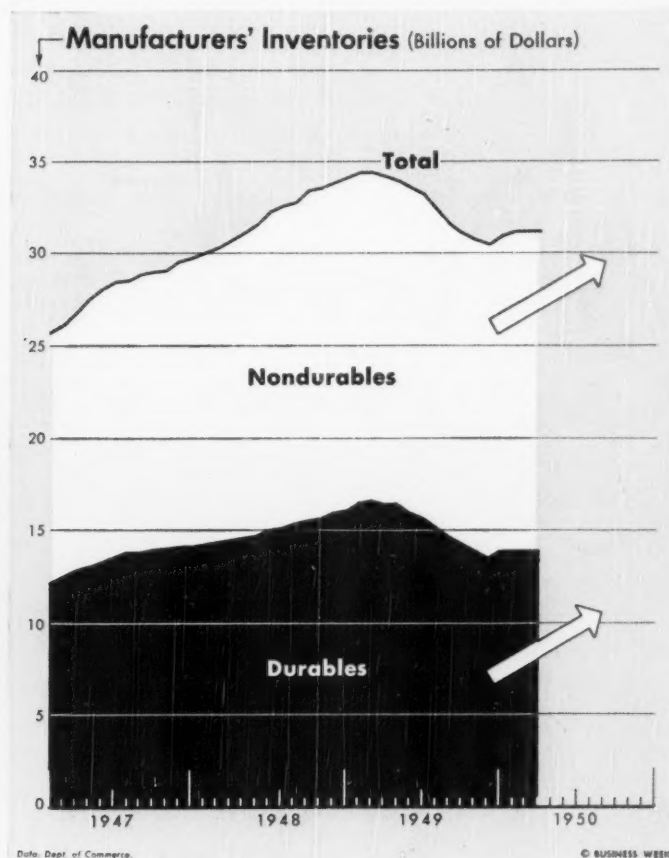
**This public relations executive** likes Pullman comfort! "I can't go all out for my company when I'm all in. That's why I make it a point to go Pullman and get my rest. As I sleep the night through, tension disappears and cares vanish. In the morning I shave and dress leisurely—prepare myself for the job ahead."



**This general manager** likes railroad dependability! "I have the final say about my travel plans—not the weatherman—when I go Pullman. I can depend on railroad schedules to get me where I want to go—regardless of the weather! And I arrive right in the *heart* of town, convenient to everything."

## *It's good business to Go Pullman*

COMFORTABLE, DEPENDABLE AND — ABOVE ALL — SAFE!



## Inventories Start Up Again

The figures don't show it—yet. And some manufacturers don't know it—yet. But inventory has reached a turnaround. It's no spree, but industry's stocks show a cautious rise.

For the first time in more than a year, businessmen aren't afraid of inventory. They have stopped liquidating; on a modest scale, they have started to build up stocks again. And in doing it, they are giving an extra push to a boom that is already running with the throttle wide open.

• **No Spree**—Today's inventory accumulation is no speculative spree. Most businessmen are still playing a cagey game—buying no more than they need to keep their plants running efficiently.

In fact, a good share of them haven't spotted a stockbuilding trend yet—even in their own companies.

Most executives are used to thinking in terms of days' supply of inventory at current production rates. They may decide, for example, to keep 60 days' supply of raw materials on hand. But 60 days' supply when the plant is running at 100% of capacity is a lot more than 60 days' supply at 75% of capacity. Hence, when sales and output are on the upgrade, the physical amount of stocks

on hand grows almost automatically. That is what is happening today.

A BUSINESS WEEK survey this week found most manufacturers gearing their inventory policies directly to rate of output. If they have been carrying a 30-day or 60- or 90-day inventory, they plan to stick to that policy. Only a few added, "Of course, that means we have been increasing stocks to cover rising sales."

• **Conservative Trend**—There's not much chance that inventories will shoot to anywhere near their 1949 highs. And there are no signs yet of any speculative rise in prices. But the orderly building up of inventory does plant a new and sturdy prop under an already solid boom.

Liquidation of manufacturers' inventories last year came to about \$4-billion. So, even if this year's buildup adds no more than \$1-billion, there will still be a change of \$5-billion from 1949. That's healthy enough to offset part of the drop in capital spending.

• **Purchasers**—March figures from the Dept. of Commerce don't show any rise in inventories yet. But the country's purchasing agents are aware of it. The National Assn. of Purchasing Agents reported last week, that it expects "some inventory buildup in the next few months to protect higher production levels," and that business is buying further ahead than it has been the past few months.

One-third of the members of the Purchasing Agents Assn. of Chicago reported higher inventories in both March and April. More and more of them are now ordering 60 or 90 days or even longer in advance. Those who buy only 30 days ahead are getting fewer.

• **Where It Shows**—Inventory building shows up best, perhaps, in nonferrous metals. As recently as March, consumers of copper, lead, and zinc were still going along on a hand-to-mouth basis, buying no more than 30 days ahead. Today, they're doing their best to place orders 60 or more days ahead—when they can find sellers.

Stocks of refined copper in fabricators' hands climbed to 381,107 tons at the end of March—within a stone's throw of the 387,871 tons of a year ago. In zinc and lead, the trade says, much the same thing is happening.

• **Steel**—Steel is a special case. Manufacturers make no bones of wanting to build inventory. It's just that they haven't had much luck in doing it. A maker of machine screws told BUSINESS WEEK:

"We'd like to have more of it if we could get it." A manufacturer of forgings: "We'd like to pick up our inventory, but we're still forging the stuff faster than we can get it." An appliance maker said he was operating strictly on a hand-to-mouth basis on steel.

But over-all, steel consumers are managing to stock up a little. The National Industrial Conference Board estimates that at least 10% to 15% of current steel output is going into inventory. And the National Assn. of Purchasing Agents says the same thing in a different way: "Steel, while still on the critical list, is making rapid inroads on accumulated orders."

If it's true, some steel executives are in for a nasty surprise. They have predicted full capacity operations through September, or even the rest of the year. But once consumers have stocks where they want them, they'll stop buying for inventory; that could cut steel-mill operations well below the 100% level. And once that pendulum starts swinging, it has an unpleasant habit of swinging too far.

• **Complete Cycle**—The switch to inventory-building brings business through a full-turn of the postwar cycle. Just a little more than a year ago, manufacturers started a drastic cutback of stocks. As the level of business and prices began its slide, many companies stopped buying entirely and lived off the shelf. In many cases, stocks got too low to carry even a skimpy volume of business. That led to price slashes—also drastic.

And a vicious circle began. Purchasing agents wouldn't start to restock while prices were falling. But as long as they held off, prices continued to fall.

• **Turnaround**—Eventually, in June, prices stopped their slide and turned up. Since the turnaround jumped the gun on the manufacturing revival, the probable reason was that raw materials producers found that low prices and losses weren't enough to lure extra business. When they reached the point where they either had to boost prices or shut down, they made out new price tickets.

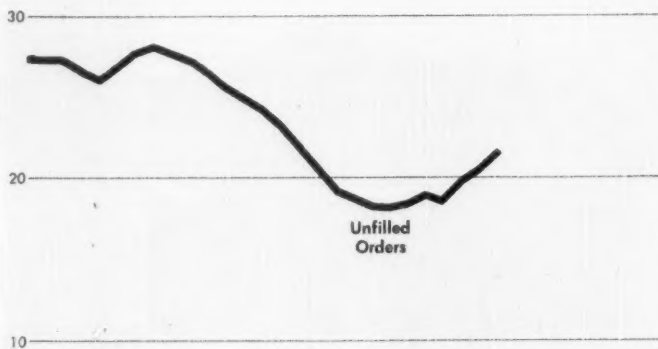
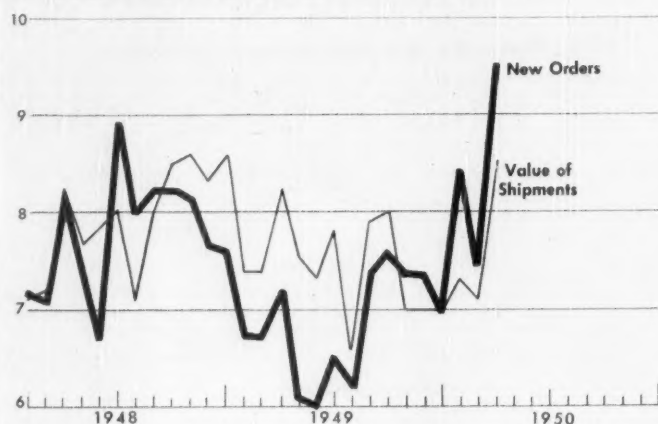
By September, business recovery had set in. But manufacturers continued to buy only enough to keep running. Late in the year, they added a little to inventory, but only to stay even with stepped-up operations.

• **Awakening**—At the start of this year, most businessmen looked for a good first quarter, then a slide-off. So they hung on to their cautious buying policy. But business continued to rise.

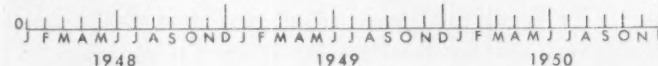
And then last month, practically all at once, manufacturers began to catch onto the fact that business was booming a good bit louder than anyone had expected. They started rebuilding stocks again. Now the extra demand for inventory is itself becoming an important source of business strength.

Billions of Dollars

## New Orders Pull Ahead of Shipments ...



## ... So Manufacturers' Order Backlogs Turn Up



Data: Dept. of Commerce.

© BUSINESS WEEK

## Unfilled Orders: Key to Business Confidence

Stores handling durable goods—TV sets, autos, furniture, major appliances—are getting more than their share of the consumer's dollar. And this is showing up more and more on order books of factories making these and other hard-goods. New orders in March hit a postwar high. And in each of the first three months of 1950, incoming orders were much larger than outgoing shipments.

(The gap would be even wider if autos were shipped on new orders instead of quotas.) So manufacturers of durables are scrambling to catch up with the order book—which helps account for increasing optimism. There's nothing like a bank of unfilled orders to raise business confidence. And the resultant rise in production is pushing business activity close to the 1948 peak.



## Expensive Strike

**Chrysler's 100-day walkout probably was most expensive ever. It cost the company and the area millions.**

The 100-day Chrysler strike was probably the costliest one that ever hit the auto industry. Only the 113-day General Motors walkout of 1945-1946 lasted longer. And that one came at a time when car production was still hamstrung by wartime shortages, so the loss of production wasn't as great.

This week, Chrysler assembly lines started moving again for the first time since Jan. 25. Their three months of idleness cost the company at least a half-million cars and trucks. Even if the lines run extra hours and extra shifts from here out, it's doubtful whether they can make up much of that loss.

• **Long-Time Loss**—But the big question now isn't production. It is markets. Did all the people who wanted to buy Chrysler cars wait for the strike to end, or did they switch to other makes?

Chrysler dealers seem to think that most of their customers held on. But competitors figure that some prospective buyers—especially those with older cars that threatened to fold up any day—quit waiting and bought other makes.

Chances are, that anybody who switched away from Chrysler is lost for a long time. Trade practice on turn-ins discourages switching. When you go to trade your old car, you usually get a better deal on a new one of the same make. So most of the customers that Chrysler lost will be trading with their new dealers from here on out.

If that's the way it works out—and it will be a long time before anyone will know for sure—then Chrysler's traditional piece of the car market may be cut permanently. One thing that could be a sign of a trend is the fact that backlogs have been building up again on the books of other dealers since the end of February, when cars in Chrysler dealers' stocks ran out.

• **Still in Business**—Chrysler dealers managed to stay in business during the strike. But many of them nursed man-sized grudges against the company. Other manufacturers report that they received a lot of inquiries about franchises from Chrysler dealers who wanted to start making money again in a hurry.

Even with the strike settled, some Chrysler dealers are still on the warpath. Last week, a Texas dealer was pushing plans to organize them into a dealers' association. One of their major complaints seems to be the general instability of the company's labor-relations policy. They cite the record of

1,359 Chrysler strikes since 1937. And they don't like recent pricing policies on Plymouth, either. They claim that since the war, the company has priced the car too high above Ford and Chevrolet.

• **First-Quarter Losses**—You still can't put a dollars cost on the strike, but Chrysler's figures for the first quarter of this year may help get at it. The company lost \$1,782,790 during the first three months, compared with a net profit of \$13,731,583 for the first quarter of 1949.

On the basis of what its competition did during the first quarter of 1950, Chrysler should have made around \$15-million, if it had been in production.

• **Detroit Hit**—But the biggest impact of the strike was felt by the Detroit area as a whole. Besides the 90,000 Chrysler workers, another 50,000 in supplier plants were affected. Detroit department stores reported that sales were off as much as 50% from a year ago. Small businesses all over the area were folding. Bank deposits dropped \$45.7-million from Dec. 30 to Apr. 24. Loans were up about \$28-million.

There is one little bright spot. Throughout the strike, Chrysler had continued buying supplies and raw materials. It has warehouses full of steel, and it is direct mill stuff—not the high-priced conversion kind the other auto makers have been buying. So once Chrysler hits full production, it should be able to keep going for a long time without any worry about supplies.

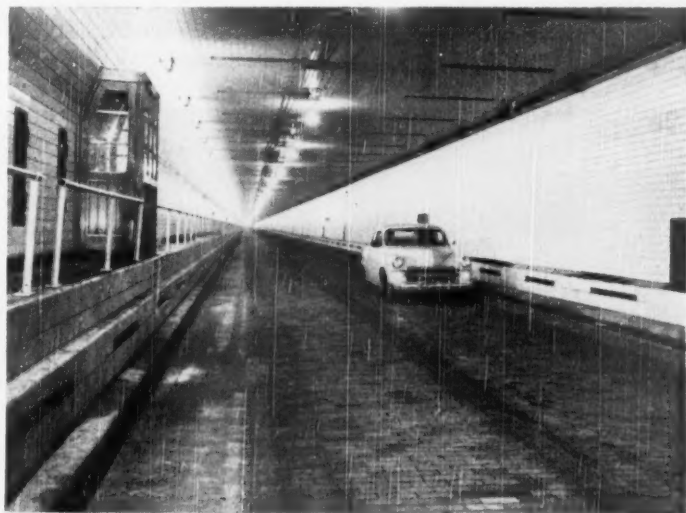
## Natural Shortage Boosts Demand for Synthetic

The rubber industry is going through the worst case of jitters it has had since the hectic days before World War II. Natural rubber supplies are falling far short of demand. The price is way up. It hit a post-war peak at 26½¢ a lb. last week.

• **No Let-Up**—And rubber manufacturers don't see much chance for a let-up in the tight supply of natural. The trade believes that the Communist in the Far East is the principal factor pushing up rubber prices. It also believes that as long as the U.S. must depend on getting 96% of its crude rubber from that unsettled area, its supply of natural will be menaced.

• **More Synthetic**—The industry, therefore, is urging the government to do something about synthetic rubber. John L. Collyer, chairman and president of B. F. Goodrich Co., recommended last week that RFC reopen one of its synthetic rubber plants that is now in standby. He also urged that production of butadiene and styrene be stepped up to supply ingredients for greater synthetic manufacture.

Meantime, Harry E. Humphreys, Jr., president of U. S. Rubber Co., declared this week that tire prices will have to go up—probably about 5% "the first time."



## Longest Tunnel: It Opens Next Week

New York's Brooklyn-Battery tunnel, the longest vehicular tube in the U. S., will open to the public on May 25. The tube passes under the East River to link the South tip

of Manhattan Island with Brooklyn. When finished, the tunnel will have cost \$80-million. The only work remaining now is to remove the temporary lighting (center).



OLD OFFICE at 230 Park Ave. was too small. So Canco moved to . . . NEW OFFICE at 100 Park Ave., which has space to fit present size



SECRETARY Mary Ann Hallahan's dilemma: what to keep, what to throw away.



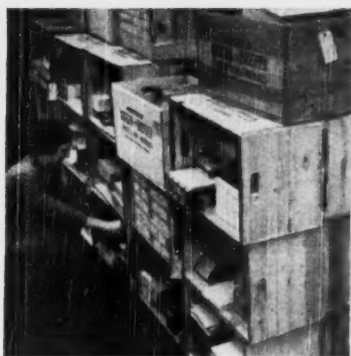
A FEW THINGS she won't trust to mover, she carries two blocks to new office.



A CLEAN START in the new building brings a sense of relief that it's all over



**BLUEPRINTS** galore have to be worked over ahead of the move to make sure that everything goes into the right place.



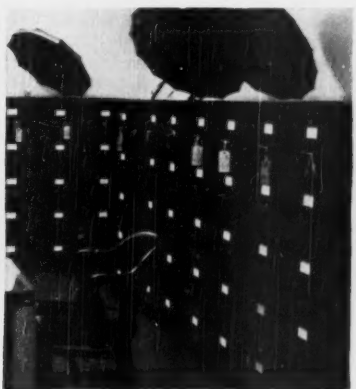
**WORK GOES ON** as usual after small items are packed. Moving boxes replace shelves, which normally hold small items.



**TAKE IT OR LEAVE IT?** An employee tries to decide what to do with a metal Christmas tree found in a storeroom corner.



**NEW SYSTEM** of order-taking in new sales department allows call at any of these desks or be taken at any other desk.



**TAGGED FILING CABINETS** are set up in new office in same order that they left old—with contents intact.



**FIRST DAY** in new office brings visitors into reception room that is still uncarpeted but functioning efficiently.

## Moving an Office: A Six-Month Job

To many of its employees, American Can Co. has lately seemed more like a housewife than a big manufacturing company. For since last August, the company has been planning and packing to move its New York offices to a new building. In 20 years, it had outgrown its space at 250 Park Ave., and decided to move to roomier quarters in the brand-new building at 100 Park.

**• 320 Loads**—By mid-April, Canco had finally finished cleaning out its attic and had most everything packed. Over the last three weekends, some 320 van loads of Canco's possessions went from the old to the new building. This week, the whole Canco office was together again, for the first time in a month.

Any housewife knows that moving even a small family is a tremendous job. When you have a family as big as that in Canco's New York office—1,200 employees—moving takes on the shape and

size of a small military operation. To do it at all, Canco practically had to set up a separate corporation to move the corporation—a committee of 75 people who spent the bulk of their time for six months on the project.

**• Countless Details**—The committee not only had to see that every piece of furniture got moved to the right spot; it also had to try to find the most efficient layout for each department. That meant studying carefully every one of the countless details involved. For example: Architects laid out partitions and walls in the new building. Blueprints showed where every stick of furniture in every department would go.

Meanwhile, employees rummaged through every filing cabinet, throwing out tons of old papers no longer essential to running the business. From desk drawers came forgotten invitations to prewar cocktail parties, unanswered

letters of 15 years ago, dried-out typewriter ribbons, and 1937 calendars.

**• The Move**—With this all done, Canco called in Morgan & Brother to do the actual moving. Morgan's job was to take each piece to the right spot in the new building. Morgan tagged each piece to be moved. When it was all done, Morgan had moved 20,000 desks, chairs, cabinets, lamps, rugs, tables, pictures, and boxes packed with a million small items ranging from paste to pins.

This is the second-biggest move that Morgan has made; the biggest was Standard Oil Co. (N.J.).

**• Cost**—It's still too early to tell what the total move cost, from the first bit of planning until the last piece stood on the floor of the new office. However, it's sure to add up to well over \$100,000. But Canco thinks it was worth it—as long as it doesn't have to do it again for another 20 years.

# Small Business: Big Bundle

Truman's package to cure ills of small business includes government-insured loans; government-supervised investment companies—and shift of RFC to Commerce. Congress will move slowly.

Congress had the Administration's bundle for small business in its lap this week—a bundle full of promises of easier credit and more equity capital. And, of course, more advice from government.

The bundle's appearance, though tardy, was nicely timed. Truman shot the proposals up to Capitol Hill before stepping aboard his train for his "non-political" swing around the country.

• **Spelled Out**—Specifically, here's what Truman is asking:

(1) Government insurance of private bank loans to small business up to \$25,000 for not over five years—on the order of government-insured mortgage loans.

(2) Federal chartering of new national investment companies—to be organized and owned by private investors and banks, but supervised by the government. Purpose: to provide equity capital and long-term loans for companies that can't get funds elsewhere.

(3) Transfer of RFC to the Dept. of Commerce. RFC would be allowed to relax its collateral requirements, increase its participation in private banks' loans, and extend maximum maturity of its loans from 10 years to 15 years.

Commerce would run the loan-insurance program, too. The Federal Reserve Board, however, would have the new capital banks.

• **Surprise**—The big surprise to most businessmen was the proposal to put RFC under Secretary of Commerce Sawyer (page 25).

There was another eyebrow-raiser in the message. In effect, the President admitted in a backhanded kind of way that the present tax structure does hamper private investment. To help his new capital banks to get going, he said, they should have special tax concessions, "particularly in permitting them to build up adequate reserves."

The only thing that's sure about this package is that Congress isn't going to rush it. For one thing, Sen. Maybank of South Carolina, whose Banking & Currency Committee must first approve, has his hands full with another Truman program—the fair employment practices bill. And until his filibustering services are no longer needed by his southern colleagues, Maybank won't give Truman's aid-to-business package a second look.

• **Loan Insurance**—Once hearings do start, it's conceded that the loan-insurance program—the Binson plan (BW—Mar. 25 '50, p. 21)—has the best chance. A handful of big private banks already

have tried small business loan programs of their own—essentially character loans—and have liked them. Bank of America in California is one. So is Philadelphia's Pennsylvania Co. for Banking & Trusts, and Milwaukee's First Wisconsin National Bank. National City Bank in New York recently publicized a program of its own.

The theory is that the small banker will make more \$25,000-and-under loans to small business men, if the government stands to take most of the risk in case of loss. These loans would have no strings attached except that they must "conform to sound banking principles."

From the government's point of view, the program looks good: It probably wouldn't cost much money, wouldn't take much administration. The government would step into the picture only if a loan was defaulted; it wouldn't try to pass on loans before they are made.

• **Investment Banks**—The capital-bank scheme will move much more slowly—even though Congress already has Sen.

O'Mahoney's version of the plan. On this point, Truman was vague. He was vague, too, about what tax incentives the "national investment companies" should have.

By his vagueness, Truman left the job of bringing the investment banks to life to Federal Reserve Chairman Tom McCabe. McCabe has been cool to the whole idea right from the start. His theory: Even if FRB, instead of a non-banking agency, handles it, private bankers may not go along. And without their support, it might be impossible to get the investment banks set up.

Another obstacle: Treasury Secretary Snyder is dead set against a tax incentive.

• **Commerce Up**—A fourth part of Truman's package proposed a "strengthening and improvement of the managerial aids" of the Dept. of Commerce. In basic English, this means more appropriations for Commerce and specific legislative authority for the department to do things it already is doing under its general authority to promote the interests of business.

To the Washington politicians, the President's recommendations reflected again the success of Secretary Sawyer's efforts to build Commerce into a really influential government department—that is, almost by definition, a department with money to spend.



## Bargain Buses from Mexico for Cuba

Little buses like these, selling for only \$4,500, are coming out of General Motors Corp.'s assembly plant in Mexico City. Their destination: Cuba. The 29-passenger buses, built on a 199-in. Chevrolet truck chassis, are being manufactured especially

for use in Havana, where they will be operated by the Cia. Cooperativa de Autobus. GM says its Mexican-made economy bus compares with a model selling for \$8,000 in the U.S. A total of 160 have been built already, and more orders are expected.



# Truman's Death Knell for RFC

His reorganization plan would transfer it to the Dept. of Commerce and practically put it out of business. Congress probably will let the change go through.

Truman's plan to put the Reconstruction Finance Corporation under the Dept. of Commerce probably is a kiss of death.

Badgering by congressmen would eventually have limited the agency's existence, anyway. But Truman's reorganization plan will virtually kill it. With increased government-insured loans and maybe capital banks, the scope of RFC operations inevitably would shrink. Under a Secretary of Commerce who runs the loan insurance program, RFC can't possibly play its old independent role.

All this is a far cry from the days of Jesse Jones when RFC was accepted and respected, powerful enough to ignore its critics. It was even arrogant enough then to use its own income to buy a magnificent headquarters—without even bothering to ask Congress for permission.

• **Beginning**—RFC was set up in 1932 as a Hoover weapon against the depression. It was given \$500-million—during the war its capital was upped to \$20-billion—to bail out hard-pressed banks, insurance companies, railroads, and other solid businesses. As time went on, emphasis shifted from distress aid to out-and-out business lending.

Jones came in with the New Deal crowd. But in the hurly-burly, somehow he managed to remain a hard-headed banker, who insisted on prime collateral and plenty of evidence of ability to repay, and generally followed conservative banking rules.

That didn't keep him from running losing operations now and then. He was in plenty of them when Congress gave him specific orders to go into them. But he always made sure that RFC was in the clear on those deals. Whenever Congress ordered him to take on a loser, he made sure that they also passed an appropriation to cover it. That way RFC's books always looked as safe and proper as any bank's.

• **Wartime Operations**—During the war, RFC lent money to private enterprises, stockpiled strategic materials, and built plants for lease to industry. Jones rode high, battling with Harold Ickes over oil and rubber, with Henry Wallace over strategic materials and buying.

He lost control of economic warfare in the fight with Wallace, but no one denied that RFC had done a real war job.

In this kind of operation, a man like Jones was bound to find Congress' man-

date a bit confining. There were times when he interpreted the law liberally. Once when a reporter questioned his authority to make a certain type of loan, Jones summed up his rule-of-thumb: "The RFC has broad powers, and you know it."

Jones' departure from Washington was as spectacular as his running of government lending. Roosevelt dumped him for Wallace on the eve of the 1945 inauguration.

• **Trouble**—RFC began to run into trouble right after the war. It was charged with mishandling an \$80-million loan to the Baltimore & Ohio R.R. in 1944.

After a painful workout with Congress, it barely won a renewal of its charter. And at that, it was told to start thinking about winding up its affairs and to dissolve by 1956. Around the time, there was a lot of sharp criticism of RFC both from Administration leaders and from the outside. The critics said that the agency wasn't doing anything, that now that the war was over it had outlived its purpose. That's when RFC people decided that they had better start moving into a new area of operations.

• **More Trouble**—Instead of helping financially solid but depression-ridden concerns and keeping the war machine rolling, the agency turned to bailing out all kinds of businesses, a lot of them bad losers. Its operations took on a less bankerish and more political tone.

But the new policies brought new worries. RFC has made thousands of loans to businesses—loans that have for the most part been repaid with interest (BW—Jun. 25 '49, p. 89). And it has provided a secondary housing mortgage market through the Federal National Mortgage Assn. But this lending has been continually criticized as unnecessary intrusion of government into a field that private lenders should handle. And some of its bigger loans have made Congress pretty sore.

• **Kaiser-Frazer** got \$44.4-million. It was charged that the loan was ordered by the White House.

• **Waltham Watch Co.** got \$4-million. But RFC's refusal to permit enough funds to be used for working capital let the company go bankrupt.

• **Lustron** borrowed \$37.5-million. RFC got blamed when Lustron couldn't get production going, although Congress had directed that \$50-million

of RFC's authority be earmarked for some kind of prefabricated housing development.

• **Texmass Corp.** has been granted a \$10.1-million loan, the first major loan to an oil producer. Sen. Fulbright, who is running an investigation of RFC, sees this as evidence that the agency is looking for new business, not preparing to get out.

RFC's standing at a time when a lot of people feel it isn't needed hasn't been helped by the performance of its directors on Capitol Hill.

Their lack of adroitness was brought out at the Texmass hearings, when they admitted that they called back to Washington, to prepare the agency's testimony, a man who had quit RFC to become Waltham's president after arranging the Waltham loan.

• **No More Friends**—RFC has no real friends in Congress anymore—and lots of enemies. To stop Truman's reorganization plan, Congress must act—and probably won't—so it looks like the transfer of RFC to Commerce will soon take place. In the process of shifting, Fanny May will go to housing and home finance.

That will make RFC what some congressmen wanted it to be, back in 1948: a standby agency prepared to finance production and construction in case of war.

## Young Sells Last of Vans' Real Estate

Financier Robert R. Young this week sold out the last of the Cleveland real estate that he acquired when he took over the remains of the famous Van Sweringen empire in 1937.

The deal involved the \$25-million Terminal Group of buildings—the second largest integrated group in the U.S. (New York's Radio City is the largest.) The buyer was John Galbreath, Columbus (Ohio) realtor. The seller was Young's Pathe Industries, Inc.

• **Baseball, Too**—Galbreath, the buyer, is also part owner of the Pittsburgh Pirates. He made his first stake by buying up company-owned towns and reselling them. In buying the Terminal Group, Galbreath got controlling interest in the Terminal Tower, Republic, Guild Hall, and Midland buildings, the 1,000-room Hotel Cleveland, and the eight-story Terminal Garage. All these buildings are in Cleveland's Public Square area. Building the group was the crowning achievement of the fabulous Vans in their promotion of Cleveland real estate. Young acquired control when he bought Midamerica Corp. from the Ball Foundation of Muncie, Ind.



## Textile Tools

**Builders fight sales dip from last year at first textile-machinery show since prewar. Stress on simpler operation.**

Textile men trooped to Atlantic City, N. J., this week for the first chance they have had for a good look at trade machinery in 10 years.

Under the banner of the National Assn. of Textile Machinery Manufacturers, close to 240 builders set out their wares. Equipment for almost every segment of the industry—outside of knitting—was crowded on the convention floor.

For the most part, machine people seemed optimistic—in a conservative sort of way. No one expected a year to match the boom of 1948, or even the showing of last year. The way J. Hugh Bolton, the president of the association figured it, machine sales in 1949 came to around \$200-million. This year could show a drop of about 20% to 40% in dollar volume. But unit sales would still stay above prewar—enough to keep the industry humming.

• **Mechanical Trend**—From an overall standpoint, machine design seems to be pushing toward four goals: (1) elimination of many of the intermediate steps in processing fiber into finished goods; (2) simpler operation and maintenance of equipment; (3) labor saving without downgrading quality; and (4) a speedup of individual machine production.

Many builders were frank to admit they hadn't hit the development stride they wanted. Postwar demand for machines kept production lines running full tilt, but left little time for research. Some apologized that the pilot machines in their booths hadn't yet had the wide field testing they need.

• **Highlights**—Here are the sort of things that stopped showgoers:

• **Universal Winding Co.** had a machine that fits directly on a loom, and winds shuttle bobbins automatically. It feeds empty bobbins to a winding device, fills them with yarn, sends them back to the loom magazine. Main advantage: No need for a separate bobbin-winding department.

• **Draper Corp.** showed a device for spinning machines that makes sure that the proper amount of yarn, at proper tension, is wound on each bobbin. The control stops the spinning machine automatically as soon as the bobbins are full.

• **Crompton & Knowles Loom Works** displayed a loom for tapes and other narrow fabrics that can produce two fabrics, one above the other, at the same time. It also showed another tape loom

that will weave a wide variety of fabrics, thus cut down machine inventory.

• **Whitin Machine Works** had a Swiss machine on exhibit that eliminates one

of the rewinding operations on spinning machines. A timesaver, it has only one stickler: It might decrease the chances of checking flaws in the wound bobbin.



BORG-WARNER'S Roy C. Ingersoll.



ARMSTRONG CORK'S C. J. Backstrand.



SYLVANIA'S Max F. Balcom.



LEVER BROS.' J. J. Babb.

## Spring Brings Some New Faces

Must be the weather, or maybe it's just the normal springtime urge to rearrange things that encouraged at least six big companies to name new presidents and board chairmen last week.

Armstrong Cork Co.'s directors elected C. J. Backstrand president and boosted their retiring president, H. W. Prentis, Jr., up to chairman of the board. Borg-Warner Corp. directors followed the same pattern. They made Roy C. Ingersoll, former vice-president, their new president to succeed C. S. Davis. Then they created the post of chairman of the board for Davis.

Lever Bros.' directors finally got around to naming a successor to Charles Luckman (BW-May 6 '50, p. 28). They picked Jervis J. Babb, executive vice-president of S. C. Johnson & Son, Inc.

Sylvania Electric Products, Inc., filled its vacant board chairman post with Max F. Balcom, vice-president and treasurer. Thomas A. Edison, Inc., made President Charles Edison board chairman and made Henry G. Riter III, chairman of the executive committee, president. And Westinghouse Electric International Co. got a new vice-president, Robert Russell.



We agree with our feline friend: there oughta be a law against excessive duplication. Especially duplication of records in business! Endless copying of facts and figures is old-fangled nonsense.

With our Comptometer Peg-Board Plan, one entry is enough — an item posted once need never be copied again. *Original* postings yield *final* results! And this flexible accounting plan is tailored exactly to *your* needs.

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# Q. IS YOUR EMPLOYEE RESTAURANT A PROBLEM?

# A. NOT SINCE CROTTY BROTHERS TOOK OVER

**THIS** is the answer you would get from many of America's best known manufacturers. For they have found from bitter experience that running a restaurant is a business for restaurant people... that the simple way to sidestep all the headaches is to turn the job over completely to Crotty Brothers Food Services.

For plants employing 500 or more workers Crotty Brothers will assume full responsibility for the satisfactory operation of the cafeteria or restaurant and provide better food at equal or lower costs than most self-run restaurants.



OPERATING IN 18 STATES AND 41 CITIES

137 NEWBURY STREET, BOSTON 16, MASS.  
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303 SOUTHLAND ANNEX BLDG., DALLAS, TEX.

**FOOD SERVICE MANAGEMENT SINCE 1930**

## BUSINESS BRIEFS

A building-materials pinch looks even more probable after April's record of 126,000 housing starts. The new peak is 16,000 over the old record set in March.

A triple damage suit (BW-Apr. 22 '50, p. 59) by 16 independent milk distributors seeks \$3.5-million from National Dairy Products Corp. and 12 subsidiaries. The distributors say National and its companies tried to drive them from the New York market by "setting unreasonably low prices."

Lustron's assets go on the auction block on June 6. A federal court ordered the sale to satisfy a judgment for RFC, which lent the prefab builder \$37.5-million (page 25). The company has been in receivership for 60 days.

Revall's troubles (BW-Apr. 8 '50, p. 78) are smoothing out, Justin W. Dart, president, told stockholders. The drug company showed a first-quarter profit of \$33,376, compared with a loss of \$142,218 in the first three months of last year.

The 1951 Kaiser cars showed up on dealers' floors with price cuts on two models—\$96 on the deluxe sedan, \$6 on the special.

Counterfeit cigarettes are turning up in western Europe, where American brands still bring as much as \$2 a pack. Bogus Camels, Lucky Strikes, and Chesterfields even carry European copies of Internal Revenue stamps.

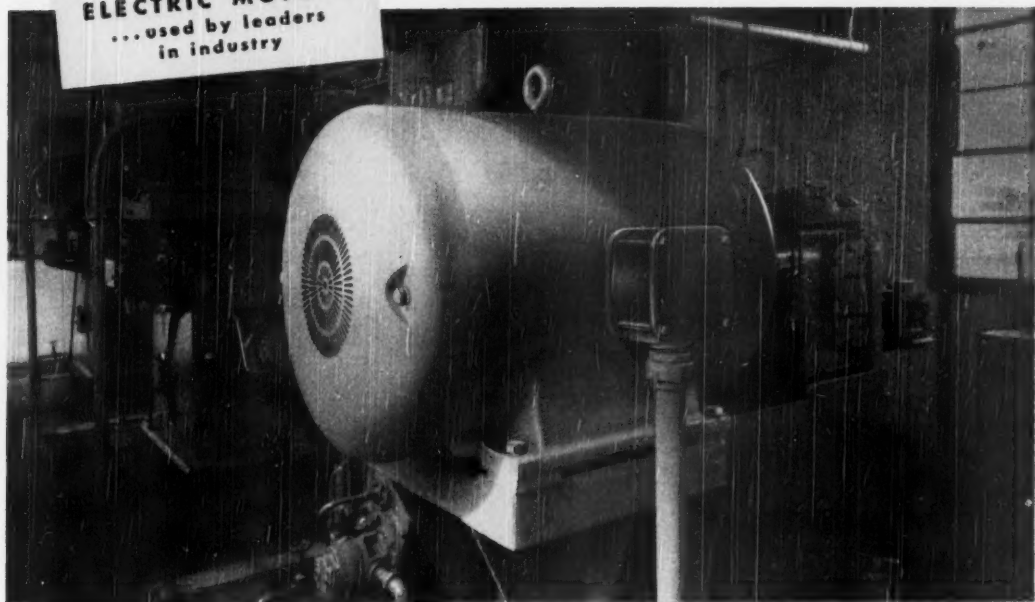
Du Pont will probably close a deal in the next few weeks for a 225-acre chemical-plant site near Memphis, Tenn.

Coffee prices dipped another 2¢ a lb. at wholesale on vacuum-packed brands. Trade reports said coffee had begun to back up in New York warehouses due to lack of demand.

Rate cuts on eastbound air freight mark one more try by the airlines to get planes filled for the trip back. Slick Airways filed first with the Civil Aeronautics Board for a 40% slash; now, United has followed, and American probably will soon.

"The mating call of a billygoat" was the way one woman described the sound of air horns on Southern Ry. diesels. So the road switched to air chimes that give out three and five "sweet tones."

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**ELECTRIC MOTORS**  
...used by leaders  
in industry



## Workers in the petroleum industry "breathe easier" because of Wagner's "Explosion-Proof" motors

Workers in the petroleum industry are surrounded by thousands of gallons of explosive liquids. They know the safety value of *explosion-proof* Wagner motors. They breathe easier when their management provides them with the safety that is built into these dependable motors.

The 100-hp type HP explosion-proof motor shown above in operation at a Phillips Petroleum Company plant near Sunray, Texas, is perfectly safe because it (1) has housings strong enough to withstand explosion of flammable substances inside the motor; (2) has machined fits long enough to prevent the escape of flames (produced by such explosions) to surrounding atmosphere; (3) is fan-cooled to prevent the

motor from reaching a temperature which would ignite surrounding gases.

This application is but one of thousands where specialized requirements are met from the complete line of Wagner standard motors. In sizes from 1/125 hp to 400 hp, models for all current specifications with a wide variety of enclosure types and mountings meet almost every specific industrial requirement.

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**INDUSTRIAL BRAKES**  
**AUTOMOTIVE BRAKE SYSTEMS — AIR AND HYDRAULIC**

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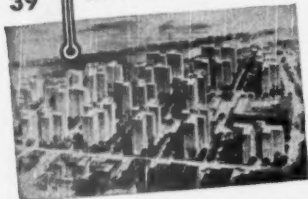
Leonard A. Schultze and Associates, New York; Harry A. Thomsen, Jr. and Aleck L. Wilson, both of San Francisco, Architects.



60°  
39°

**Lillian Wald  
in New York**

Frederick L. Ackerman and Lafayette A. Goldstone, Architects.



## TWO CLIMATES ... Two Webster Systems

In San Francisco, "short hour" heating with steam is provided for Parkmerced, the great housing development of Metropolitan Life Insurance Company by a Webster Vacuum Steam Heating System. Webster Sylphon Packless Valves, Sylphon Traps and Nash Vacuum Pumps were approved for this installation by Consulting Engineer Thomas B. Hunter.

In New York City, continuous heating with steam is provided for Lillian Wald Houses of the New York City Housing Authority, one of eight such projects equipped with "Controlled-by-the-Weather" Webster Moderator Systems.

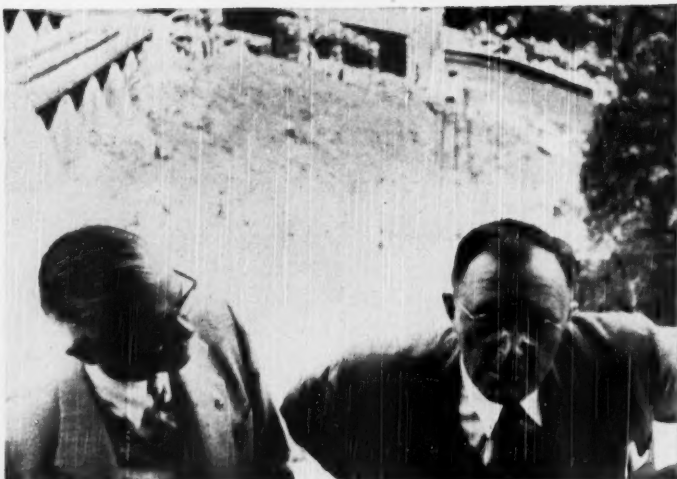
Whether it's a Webster Vacuum System in San Francisco or a "Moderator" System in New York, each room occupant enjoys instant positive heat shut-off with a Webster Radiator Valve—a needed feature in large, multiple-unit housing.

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HEATING**

\*San Francisco is the meeting place for the Heating, Piping Contractors National Association, May 8th-11th, and the National Association of Master Plumbers, May 17th-20th.



GE BRASS, President Wilson (right) and Director Stevens, take time off before directors' meeting at Atlanta to inspect Georgia Power's Tallulah Falls plant.



TWO BOARD CHAIRMEN, GE's Philip Reed and Georgia Power's Dan MacDougald, talk electricity in the generator room of Georgia Power's Tugalo River hydro plant.

## GE Directors Eat Southern Barbecue

Every month, the directors of General Electric get together for a meeting. They meet either in New York or in one of the company's many plant cities. At least they used to, until Robert Woodruff, soft-drink maker, recently invited them down to Atlanta. When they arrived, they were greeted by Georgia's Gov. Talmadge.

The Atlanta meeting itself was a routine affair in which all company officers were reelected. The highlight of the day took place earlier. All GE's attending officials toured the mountains north of Atlanta, had a barbecue, and

inspected the hydro plants of Georgia Power Co.

They got a chance to meet officials of their good customer, Georgia Power, and see a lot of GE-built equipment in operation at hydro plants at Tallulah Falls and Tugalo River. Then they went to Georgia Power's Tugalo camp where they ate a lot of Brunswick stew, specially prepared by Georgia Power's Brunswick stew chef. The next day, they went to Birmingham, Ala., to visit installations of Alabama Power Co., and take in other industrial sights in the area. Then they all went home.



# "Change the Steel"... we suggested

Now they turn out 8 drum  
shafts per day instead of 7  
and tools last  
three times as long



A 14.3% increase in production and a 300% increase in tool life are potent factors in reducing costs. Especially when they're obtained on a vital part like this that requires considerable machining to very close tolerances.

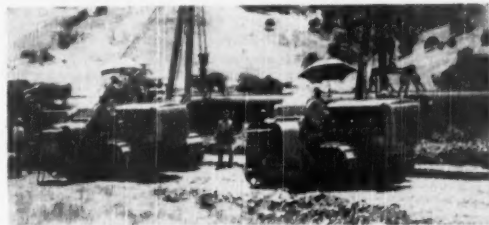
Trackson Company, Milwaukee, in producing this drum shaft for the winch of their famous "PIPE LAYER," formerly used  $4\frac{1}{4}$ " round bars heat treated to 269-321 Brinell. Low tool life and machining difficulties ran up the cost and slowed production.

After studying the problem, one of our metallurgists suggested a special U-S-S Carilloy Steel. It worked like a charm... gave not only better machinability but better mechanical properties as well. "As a result," says Trackson's purchasing agent, "we feel that many other of our applications requiring considerable machining should be made of this steel."

This steel is only one of the many superior alloy steels we produce for the automotive and other industries. But it happens to be just the *right* analysis for a job like this. We were able to recommend it with confidence because of our unusual background of research and experience.

If you want similar constructive cooperation, bring your steel problems to us. Because we produce alloy steels in all

grades—in all finishes and treatments—and in the widest range of forms and sizes, our recommendations to you are based solely on the particular requirements involved. In other words, *we fit the steel to the job, not the job to the steel.* This practical approach to steel application has saved many individual steel users thousands of dollars yearly in lower production costs. We'd be glad to help you make similar savings.



Trackson MD8 Pipe Layer laying 34-in. pipe line through rugged terrain from Needles to Milpitas, Calif. Heavy duty operation like this demands plenty of reserve strength in all vital parts—Carilloy Steel in the winch main shaft supplies it.

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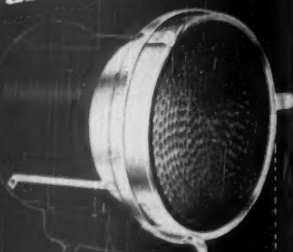
## Carilloy Steels

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Now you can have  
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Many manufacturers are using Farr Company's Engineering and Testing facilities to design special filters for their products. Far-Air Filters can be used effectively in your air handling equipment and will contribute to your product's performance.

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## REGULATIONS



PHYSICIST Vannevar Bush once again may play key role in providing . . .

### Underpinning for U. S. Science

National scientific foundation is now law. Truman will name the director; scientists will have only advisory powers. Foundation will grant \$25-million a year to researchers and laboratories.

The government is all set to go on its program for financing basic scientific research. This week, President Truman put his signature on the national foundation bill. This wound up four years of congressional bickering to please the scientists on the one hand and Truman on the other.

The final law gives Truman what he wanted: He—not the scientists—will name the director of the foundation. There will be a board of scientists, too, but it will have no say-so; it will just give advice.

• **Wanted: a Director**—The next step is to find a director—at \$15,000 a year. Vannevar Bush, who headed the wartime Office of Scientific Research & Development, can have the job if he wants it. It was his report, in 1945, on the sad state of pure science in the U. S. that started the ball rolling for a federally financed foundation. The law doesn't require a scientist for the post. But Truman would like to get one, so that he'll be sure of the backing of professional organizations.

• **Allocations**—The foundation's main work will be a pay-out job. It will hand out around \$25-million a year to universities and private laboratories for basic

research; it will also grant scholarships for graduate students.

The main idea is to give a lift to pure scientific study (BW—Mar. 18 '50, p. 6). But some of the money can go for national defense projects—nuclear research, bacteriological experiments.

Contracts with laboratories and grants to students won't get going very quickly. The first year, the foundation will be busy making a survey to find out where the glaring weaknesses in science are. It will get around to spending, or allocating, only about half of the \$25-million.

• **Who Will Get the Money?**—Physics, chemistry, medical research, and, to some extent, engineering will be the favored fields for foundation money. As far as possible, funds will be distributed on a geographical basis.

There's one catch. People or laboratories that get help will have to pass a loyalty investigation. But one string that the House wanted to tie to the law—and that Truman strenuously objected to—has been clipped. The FBI won't have the final yes or no on loyalty cases. It will make the investigation, but the director will decide whether grants will be made or not.

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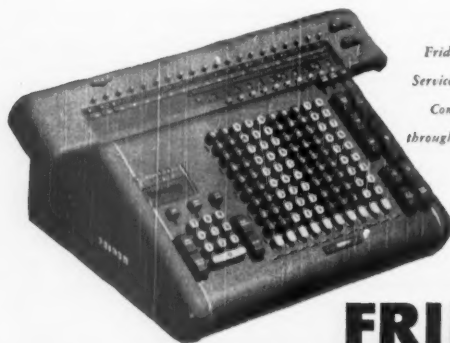
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## Lobby Tip-Off

House investigating committee's interim report due soon will show whether or not lobby quiz is just politics.

Representative Frank Buchanan, chairman of the House committee investigating lobbies, insists that his committee has just one interest, and it's not newspaper headlines. Buchanan says his job is to work out a better lobby law. To do it, he is "getting facts."

• **True**—By this week, observers in Washington had to admit that it looked like what Buchanan said was true. In spite of over a dozen hearings held with the big-game real estate lobby, Buchanan's committee has barely made the papers, much less a banner headline.

Even the old-hand politicians are surprised at Buchanan's quiet fact-finding methods. When the House Democrats set up the special committee early this congressional session, Washington looked on the move as politics, pure and simple. The Administration would use the committee to raise hob with "special interests"; it would shoot for newspaper sensations, it was thought, to prove that what the country needed was more Truman Democrats in Congress.

• **Tip-Off**—Of course, there may still be something in it—Buchanan may be saving his fireworks for later. The tip-off will come in a few weeks when the committee releases its interim report. This report will include whatever came out in the real estate hearings. It ought to make clear whether the investigating committee is really concealing political dynamite—or whether it is, as Buchanan says, just interested in improving the lobby law.

• **Questionnaires**—Besides the real estate hearings, the only other important committee action so far has been to toss a questionnaire at some 2,000 trade associations that hadn't registered under the lobby law. (The "questionnaire" was actually a new form that lobbying organizations are being asked to file with the clerk of the House and the secretary of the Senate.) With the questionnaire, the committee enclosed a letter that threatened the use of subpoena power against those organizations that didn't respond.

Despite the threat, many trade associations are handing in blank questionnaires. Their argument is that since they don't lobby, the questions don't apply.

• **Quickies**—From now on, Buchanan says he plans to have quickie hearings—a day or two spent with each of six



## When the "Heat's On" ...Asbestos Protects



The home not protected by Raybestos-Manhattan would be hard to find. For most homes boast electrical appliances... ranges, toasters, radiant heaters, irons and the like... and R/M, America's largest manufacturer of asbestos textiles, supplies much of the heat-resisting asbestos insulation for the cords.

But R/M asbestos products protect more than homes. Witness the motor windings for industry or the asbestos insulation in giant propulsion cables for sea-going vessels. Actually the list of R/M asbestos textile products... in the form of roving, yarn, tape and cloth... is practically endless. Commercial and home ironing board and mangle covers, laminated plastics, theatre curtains, safety clothing, friction materials, packings and gaskets are but a few we might mention.

But even at that, asbestos textiles of every description form only a part of the production of the four great R/M plants and laboratories specializing in asbestos and rubber products. Almost every phase of industry... indeed almost every individual... is served by something R/M makes. Take R/M transmission or V-belts, for example. Daily they transfer power to thousands of different machines. Or R/M conveyor belts used the world over for expediting production.

If you have an industrial or automotive need, take advantage of this wealth of experience. Get in touch with the proper R/M representative by writing to Raybestos-Manhattan, Inc., Passaic, New Jersey.

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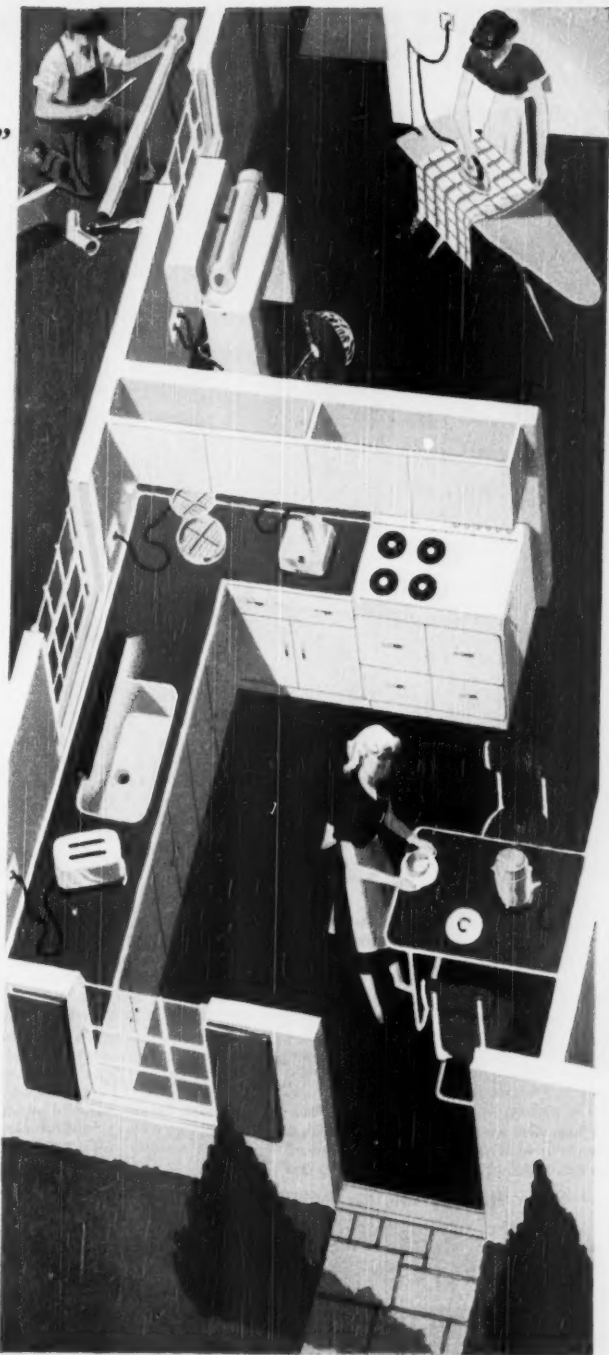
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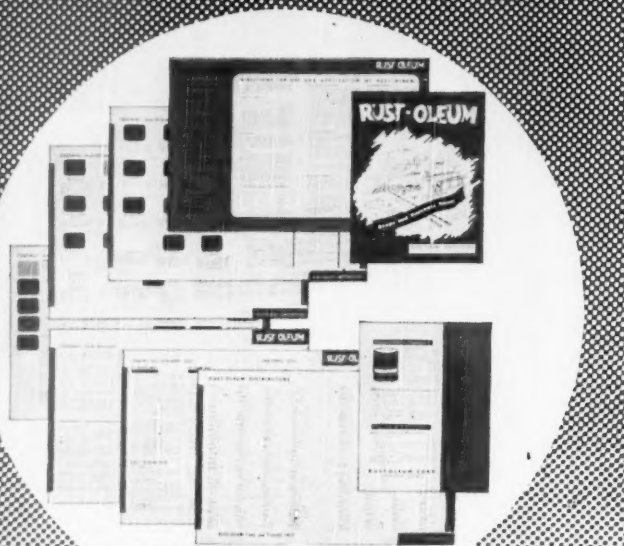
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using Sweet's distribution lists for direct mail and personal calls. This program has already uncovered many new customers and prospects, not to mention the many orders we received as a result of our catalog in Sweet's before our promotional campaign started.

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Robert A. Fergusson, President  
Rust-Oleum Corporation

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or eight prominent lobbying groups. First to come up—within a week or so—is the National Committee for Repeal of Wartime Excise Taxes.

• **Final Report**—The Buchanan committee's final report—which is expected to be ready in plenty of time for reference in campaign speeches this fall—will propose revisions in the law to cover these problems:

(1) The lawyer-client relationship—which lost the Administration its first and only court case brought for violation of the lobby law. When, if ever, is a man's lawyer a lobbyist?

(2) The contingency fee, or pay-off for winning government favors. Should the law expressly forbid it?

## New Forms Simplify Bids on Federal Work

Businessmen who sell supplies and equipment to the Federal government got good news this week. There will be a little less red tape from now on.

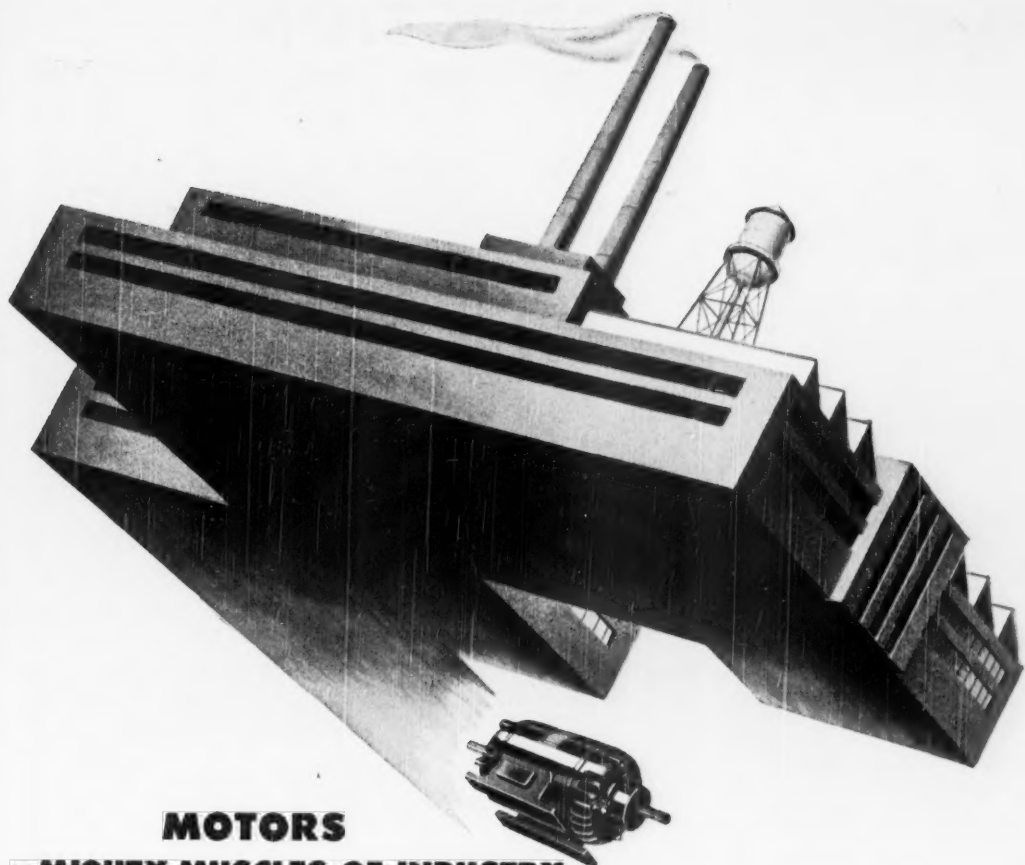
In a general revision of government contract forms, the Dept. of Defense and the General Services Administration cut the number of forms from six to two. No matter what kind of contract a firm is bidding for, it will only have to fill out one of two forms—a "long" or a "short." Both the military and the civilian agencies will use the same forms.

In one respect, the new forms will be more exacting than the old. They include eight questions that are supposed to reveal whether the bidder used the services of a so-called "five percent." And on advertised contracts over \$1,000, the bidder must declare whether or not he retained a special representative to help solicit the contract. GSA says the provision won't interfere with legitimate agents or companies that use them.

GSA and the Dept. of Defense, also came up with a consolidation of the general provisions that regulate performance under all government contracts. These provisions aren't changed fundamentally, but some of hazy points will be clearer now. Example: The provision on inspection was clarified to spell out exactly what the bidder's responsibilities are.

Though the new forms aren't mandatory until next Oct. 1, many government agencies scrambled to put them into use as soon as they came from the Government Printing Office.

The new forms include a question on the bidder's total number of employees. This is to give GSA and the military an idea of the relative size of the bidders. When they can do it, they are supposed to give a preference to small business.



## MOTORS —MIGHTY MUSCLES OF INDUSTRY

Most motors are small—but their importance is often in inverse proportion to their size.

Large or small—in crushers or hand drills, rolling mills or laboratory equipment—motors make industry go, and profits depend in part on their efficiency.

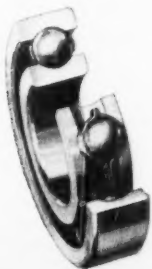
Motor manufacturers know that well. Designing for efficiency, they take special care in their specifications for anti-friction bearings.

They know, too, that when they specify

SKF bearings, they are taking advantage of all the experience available only from *pioneers*. They know there are good reasons why they can expect SKF bearings to be uniform, dependable, exactly right for whatever job there is to do of minimizing friction.

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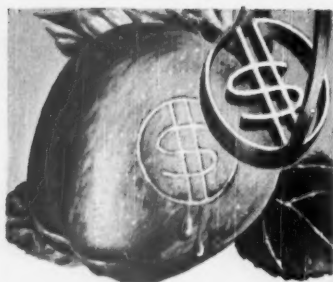
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Write today about your profit opportunities in San Antonio. Your inquiry will be held in strict confidence. Special surveys will be made to give you needed facts. You'll find San Antonio has the welcome mat out for you!

Manager Industrial Department

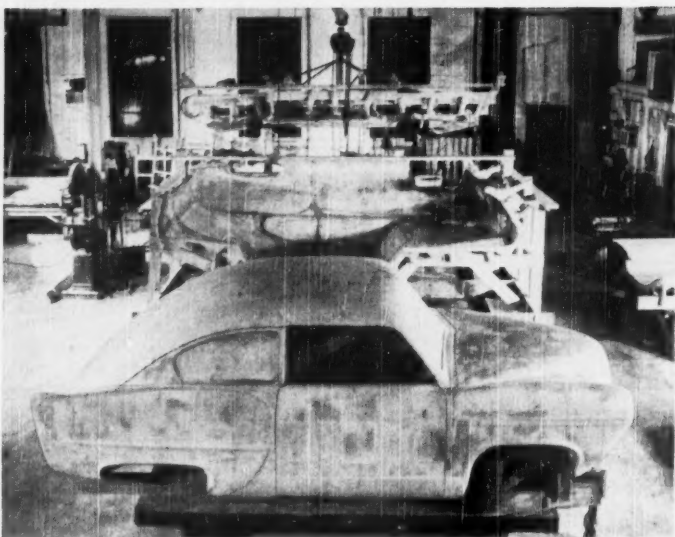
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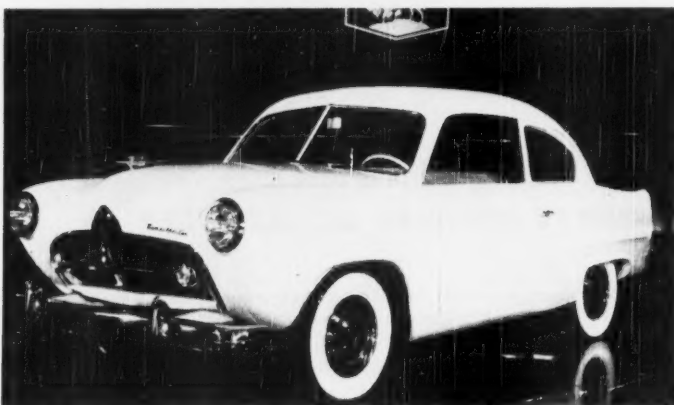


# San Antonio

## PRODUCTION



CLAY MODEL is the way the approved design starts out in everybody's process. But what happens after that has been changed radically in Kaiser-Frazer's new molding method.



FINISHED STEEL CAR is how it ends. New way cuts four months off gap between start and finish. Name plate now reads "Name-the-Car," will be changed to "Henry J."

## K-F's Baby: New Name, New Way

The "Henry J." is what they call it, but the way they made its body dies should give the rest of the industry a big jolt.

Kaiser-Frazer's new baby car finally has a name. It has been tagged "Henry J." after "daddy" Henry J. Kaiser, chairman of the board.

But the big news out of the company this week wasn't the baby's name at all—it was the brand-new way its body dies were made. This new process—using plastic and plaster—eliminates

some of the most difficult steps in production of final dies, and it cuts months off the time normally required to get a new model into production.

• **Missed the Boat**—The odd part of the whole thing is that for years on end auto engineers have been using a time-wasting, expensive process that requires skilled craftsmen and a lot of hand-

work, when they didn't have to at all. There isn't anything about K-F's new process that is new. The kind of plaster and plastic molding it requires has been done for years in other industries.

Nobody in Detroit has any real idea why somebody didn't think of using molds before. Some observers say it is because the industry is just plain backward when it comes to new operations on a broad scale.

An auto engineer—not with K-F—may have put his finger on it when he said: "Well, there are a lot of old guys in the body-building business, and they'd pitch you out on your ear if you tried to do the job differently."

• **The Old Way**—The method that is traditional for carrying car production through, from initial design stages to final dies, works something like this: The approved design is hand-made into a full-sized clay model. Then a series of templates is made from the clay model. These are usually of wood and duplicate the shape of the model's cross-section at various points. In other words, they form a series of profiles.

Hundreds of these templates are required and they are tough to make. They must be cut out by hand to approximately the right shape, and then they are tried out against the clay model to see if they fit correctly.

Once the templates are made and checked against the original, they go to the drafting room where a full-sized body draft—on paper—is made.

At this point, the three-dimensional body has become a set of drawings. These drawings are then used to make a set of metal templates. From these, a full-sized wooden model is built for checking. (This wooden model can still be changed slightly. But if it is, the templates and drawings also have to be altered.) Then a final set of templates of individual parts is made.

• **More Handwork**—Hand-making the templates and the wooden model are slow, difficult steps, but the next one is even tougher and slower. Working from these final individual templates, skilled wood carvers hand-carve mahogany die models of each of the parts of the body that will be separate on the final car—fenders, doors, hoods, trunk lids, etc.

These mahogany models are then placed in a Keller duplicating machine which uses them as guides to produce the final metal dies.

• **Green Boys**—Along came K-F which hadn't been making bodies as long as everybody else. Maybe, K-F engineers thought, there's a better, quicker way to do this job. And they turned up one that cuts more than four months off the total time (the conventional method takes nine months).

Since this new technique uses plastics in a way that has been used for small



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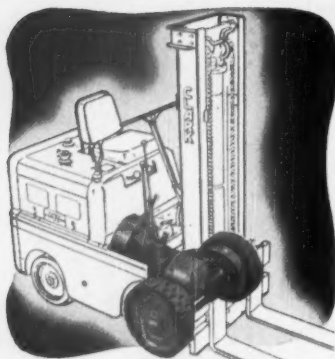


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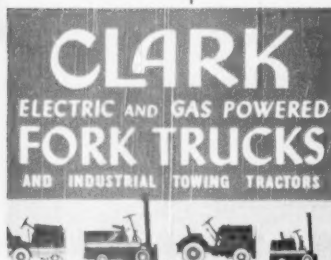
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parts by the plastics industry for a long time, K-F went to Kish Plastics Co., Lansing, Mich., for help. Kish does the casting part of the job.

Between them, the two companies worked out a process that eliminates the cut-and-try method of making templates as well as the slow and costly hand carving of mahogany die models. And K-F engineers claim their way produces a more accurate set of dies.

• **Better Way**—Here's how they do it: The new process starts the same way as the old one—with a full-sized clay model. But that's where the similarity ends. First step is to make a female plaster cast from the clay model. From this cast, they make a male plastic mold which is a duplicate of the original clay model.

Then, using this plastic male as a master, molds in plaster of the individual parts are made. These are used in the Keller machine to produce the dies.

• **Easy Checking**—The flexibility of this process permits the engineers to make a series of checks for accuracy all the way down the line.

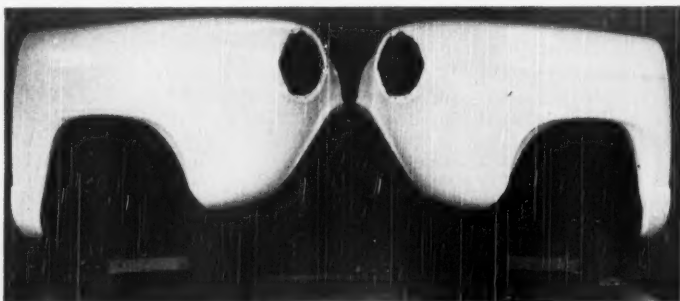
They can make plaster casts at any stage and touch them up if necessary. And they can cast the individual parts in plastic and put them together on a

test jig to see if they get what they want—a whole car. Or they can make a female mold and place the casts of the individual parts into it to see whether or not they fit.

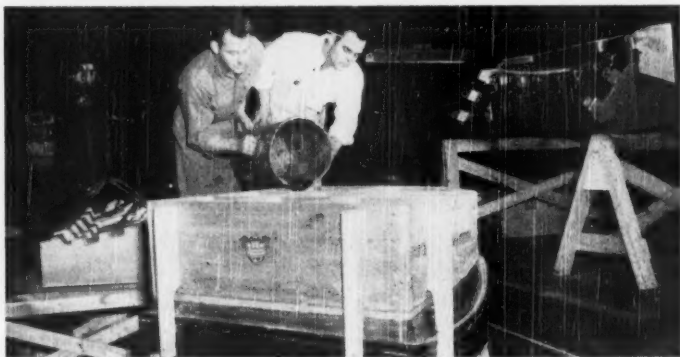
In order to make a set of body drawings, they still have to have templates. But they can make them from the plastic male model. The point is that templates aren't required for making the dies for actual production of finished cars.

• **Cost Cuts**—Nobody has made any guesses as to how much money this new process will save K-F. But tooling costs are among the biggest factors in the auto business, and anything that can cut four months' time off this end of the business undoubtedly can produce big cost cuts. And if the new system is adopted on an industry-wide basis, it should mean tremendous savings.

And there isn't any reason why the industry won't take to it. Veteran body men have been missing this bet for years. Not one of them has been able to give a good reason for not latching onto the idea sooner. But now that one manufacturer has put it into operation, it's a safe bet that everybody else will.



**FRONT FENDERS** of the finished car will look exactly like these plastic ones just out of the molding process. They're one of a series of steps in K-F's short-cut process.



**AT KISH PLASTICS**, which helped develop the process, all the molding operations are carried on. Here workers pour plastic into box containing plaster mold of an individual car part.  
(TURN TO PAGE 42)





## "OH, GOSH—ANOTHER ACCIDENT!"

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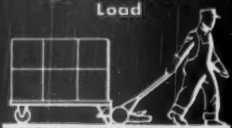
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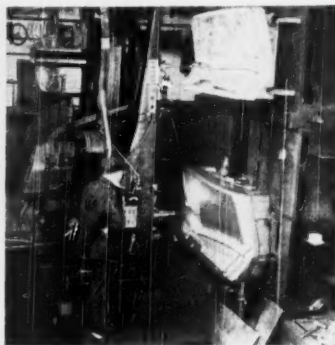
**K-F'S BABY** (Continued from page 40)



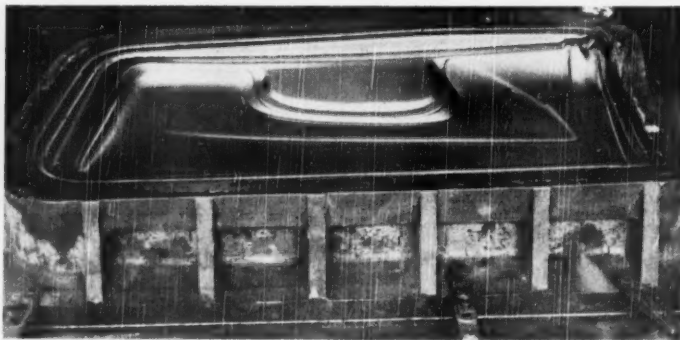
CHECKING of individual molded parts is done this way. They are fitted together on a special jig, and if they look like a car, engineers know they're on the right track.



TEMPLATES for engineering drawings can be made direct from molded parts. Here draftsmen check template against part.



KELLER MACHINE traces contours of molded part at top, cuts them into metal at bottom. It will be a body die when done.



COMPLETED REAR FENDER DIE lies in a body-press bed, all ready to be tested under actual operating conditions. First finished part will be carefully checked by engineers.

## Twist in Prefabs

Semico Homes uses prefab panels of lumber shorts, simplifies assembly to make bid for economy housing.

It's easy to lose your shirt in the prefab housing market these days. But Milo Gonser, of Seney, Mich., is convinced that the Semico Homes Division of his Seney Millwork Co. has figured out a winning combination.

Gonser's formula is based on three ideas:

(1) Use low-cost materials as much as possible;

(2) Shoot for the "economy" market where the buyer is willing to put some of his own time and work into building the house;

(3) Build more or less to the buyer's specifications, instead of turning out completely standardized models.

• **Salvaged Lumber**—Gonser takes advantage of the waste inherent in lumber mill operation by salvaging the low grades and shorts (the odd pieces left after the standard pieces are sawed). Then he builds the shorts into prefab panels and simplifies assembly to eliminate skilled labor. By using this system, he can build **low-cost**, simply constructed homes. But these homes are more or less tailored to the buyer's specifications; and that is certainly a big selling point.

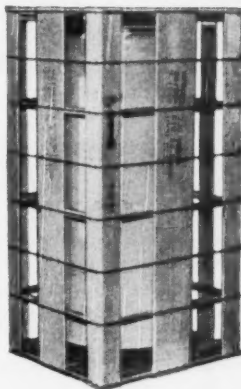
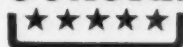
Once the prospective buyer has settled on a plan, Semico goes to work. Wall sections are built to specification from three-ply cross-laminated panels of standard thickness, one-inch random widths. Exterior wall panels are interlaid with asphalt-impregnated building paper. Floor side panels are notched so joists can be dropped into place very quickly and easily.

When joints are formed, the wall panels are secured with nails on both the outside and inside courses, so the outer ply of one panel is nailed to the center ply of the other panel. Gonser claims the joint has about 90% of the strength of the actual panel.

Sections—cut so one man can handle them—are assembled, numbered, and loaded on trucks in reverse order. At the site, each piece comes off the truck in the correct order for assembly.

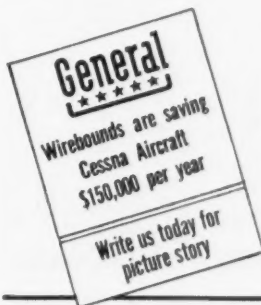
• **Buyer Helps**—How fast the house goes up depends on the buyer, who must be willing to give some of his own time and effort. Gonser and six men erected a 70 ft. x 24 ft. combination home-office building in 20 hours at a total finished cost of around \$7,800. Other sample costs: a 40 ft. by 24 ft. six-room house with bath and 14 ft. x 22 ft. garage, \$3,600; a 24 ft. x 20 ft. summer cot-

# General Boxes



for  
**WATER HEATERS**  
or  
**WRENCHES**  
or hundreds of  
other products

General boxes protect the product... cut down loss and dissatisfaction. They are lightweight yet extra strong! They are easily and quickly assembled, providing "the best of protection" for hundreds of American products. We will be glad to help design a more economical, a more efficient container for your product. Write us today for complete information.



## General BOX COMPANY

engineered shipping containers

**GENERAL OFFICES:**  
502 N. Dearborn Street, Chicago 10, Ill.  
**DISTRICT OFFICES AND PLANTS:**  
Brooklyn, Cincinnati, Detroit,  
East St. Louis, Kansas City, Louisville,  
Milwaukee, Meridian, Shobaygan,  
Winchendon, Continental Box  
Company, Inc., Houston, Dallas.



# Here's a Tip on Tops in Travel



Next time you take a trip by train, make a mental note of how much *more* you get for your ticket money than just transportation.

For example, there's all the sit-back-and-relax comfort of wide, roomy seats. And there's plenty of space—room enough to stretch out, to roam about. In a railroad train, you're never "handcuffed" to your seat.



And the new equipment which has been put in service—enough for more than 300 streamlined trains—sets new highs for travel pleasure and comfort.



Traveling by rail, you know where you're going and that you'll get there regardless of weather. Trains are seldom affected by fogs and storms.



Then there is the pleasant feeling of security. Just sit back and take it easy in the knowledge that the train is the safest way to travel.

Next time—take the train and you'll see what a lot more you get for your money than just transportation.

## ASSOCIATION OF AMERICAN RAILROADS

WASHINGTON 6, D. C.

Listen to THE RAILROAD HOUR every Monday evening on NBC

tage with four rooms and bath, complete with fixtures and chimney, \$1,858.50.

Michigan School of Mining and Technology has already tested and approved the homes; currently, they are undergoing tests by the U.S. Forest Products Laboratory at Madison, Wis. Semco homes have passed all building codes met so far in four states, and have received FHA acceptance.

### CREWLESS LIGHTSHIP

A robot lightship—the first ever built for ocean duty—will soon help guide shipping into New York harbor. The ship's "crew" is a hold-full of electronic devices designed by Westinghouse Electric Corp. that are remote-controlled from a shore station.

The 91-footer, called EXP-99, is under construction for the U.S. Coast Guard at Curtis Bay, Maryland. After a 2-months' dock trial at Curtis Bay, the lightship will go through a shakedown under actual service conditions near Scotland Lightship, one of three that mark the approaches to New York City.

A single operator at the Coast Guard's Sandy Hook (N. J.) station will control the ship's light, radio, and fog signals. The control system, dubbed Visicode by Westinghouse, uses radio waves to send orders from the shore station to the ship. Signals returned by the ship's electronic devices tell the shore operator how equipment is working out at sea.

### Two Fuels Pay Off, Prison Finds

Dual-fuel diesels are paying off for the state of Missouri in—of all places—the Jefferson City penitentiary. A year ago, the prison powerplant installed three 1,140-hp. engines built by the Superior Engine Division of National Supply Co.

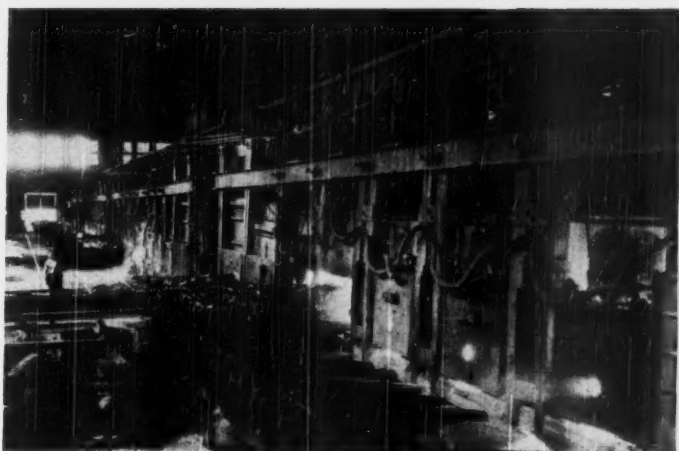
When the engines were first installed, the gas pipe line didn't quite reach the prison; so the engines ran on diesel fuel. But diesel oil at 10¢ a gallon made for costly operation; so as soon as natural gas could be had, the prison engineer switched his engines over to the new fuel.

Last week, after a continuous week's operation on gas, the engineers had some cost figures to work with.

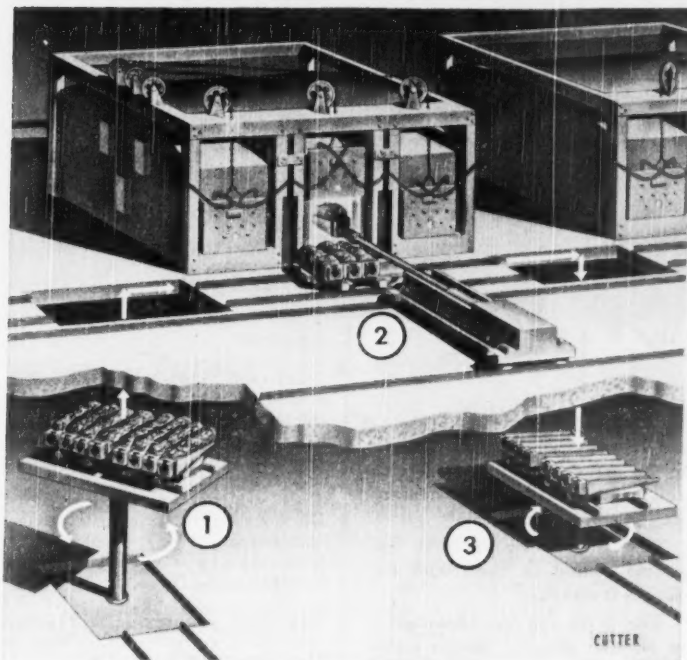
Cost per kilowatt hour is running 0.00789¢ using 10¢ a gallon diesel oil; natural gas operation runs 0.00382¢, with the price at 32¢ per 1,000 ft.

But the big advantage lies in the flexibility of the dual-fuel setup; a push-button solves spot shortage problems, allows engineers to select the fuel that is cheapest at the moment. Engineers expect the plant will pay for itself in less than two years.





**OLD WAY:** Charging machine feeds scrap into an open hearth from buggies one at a time. Buggies not in use block off other furnaces.



**NEW WAY:** Incoming buggies loaded with scrap go up to furnace floor on a hydraulic hoist. (1) A 90-degree turn of the hoist lines buggies up with furnace doors. (2) Then a charging machine picks up scrap pans, dumps scrap into furnace bath. (3) Finally, empty pans drop to floor below for reloading.

## Traffic Jam at Armco's Furnaces Eased

Armco Steel Corp. is getting ready to put in a setup for charging its three new open-hearth furnaces (BW-Apr. 29 '50, p. 28). Time to charge a furnace with 150 tons of scrap will be cut from three to one and a half hours, and

output of the furnaces will go up accordingly.

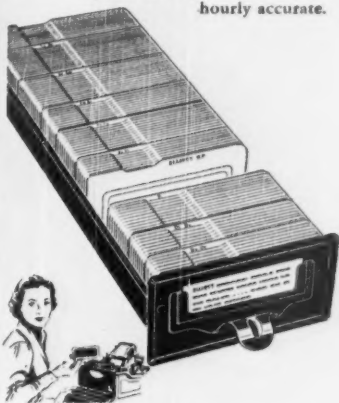
Conventional method of charging a furnace is to roll up a string of buggies in front of the rows of furnaces. Thus while one furnace is being charged,

## CORPORATIONS of DISTINCTION are switching to

**ELLIOTT  
ADDRESSING EQUIPMENT**

These Elliott Address Cards eliminate half the bulk and five-sixths of the weight and all the noise and most of the expense of old-fashioned address plates.

Because addresses can be stencilled into these Elliott Address cards by any typist with any standard typewriter, any file of address cards can be kept hourly accurate.



**ELLIOTT** Addressing equipment is now being made by three factories in the United States (at Cambridge, Mass. and Whitman, Mass. and Atlanta, Georgia) and three factories abroad (At Manchester and Feltham in England and Montreal, Canada.)

*Silence, cleanliness, faster and better addressing, automatic form feeding and many other advantages are yours when you change from metal address plates to these Elliott Address Cards.*

*In addition to the savings to you they will bring joy to your Addressing Department personnel.*

Elliott literature and/or an Elliott representative await your request.

**Elliott ADDRESSING MACHINE CO.**  
Dept. H, 151 Albany Street, Cambridge 39, Mass.



# Santa Fe's Open Door freight policy



*The shipper "pays the freight."*

*The more he ships, the more business we do.*

*That is basic railroad economics.*

Every day we are exploring possibilities for the growth of freight traffic, which can build business for the Santa Fe through fair and reasonable transportation charges.

Our doors are always open to any shipper, large or small, who

can help us serve his interests better in the matter of rates, car service and expediting the movement of freight shipments.

That is how the Santa Fe has grown—hand in hand with the people it serves.

*That is the way it is always going to be.* Our general freight traffic officers and Santa Fe freight representatives throughout the United States, are always ready to meet with you on any freight problem.

F. H. Rockwell, General Freight Traffic Mgr.  
Santa Fe System Lines, Chicago 4, Illinois

**Santa Fe—all the way**



the others are blocked off by the train of buggies.

To avoid this traffic jam, Arnco will install a hydraulic hoist system, which somewhat resembles the trick used in lifting planes to a flight deck on an aircraft carrier. The hoist will elevate scrap cars from scrap-yard level up to a position between furnaces. As the cars come up, they make a 90-deg. turn, are then pushed in front of the furnace for easy unloading.

The big saving lies in the fact that other furnace crews don't have to stand idle while their furnace is blocked off. Blocking off isn't possible: The string of buggies is eliminated by the elevating setup.

## PRODUCTION BRIEFS

**Willys' underwater Jeeps**—1,000 of them—are being delivered to the Navy Dept.'s Bureau of Ships. Before shipment, each one is submerged for a shakedown run of 15 min.

**Monsanto Chemical's plant** for polystyrene molding compounds at Los Angeles is slated for an August opening.

**A short-circuit testing station** being built for GE's Switchgear Division will test power-line equipment under loads up to 440,000 v.

**DuMont** says its new closed-circuit color TV system for industry gives an even sharper image than black and white equipment.

**Waste from carbide production** will be used to make more carbide in a \$500,000 experimental plant for National Carbide at Louisville, Ky. Lime sludge, pelletized with coke, is converted into carbide by baking.

**Du Pont's Strux**, a cellular cellulose acetate (plastic) will be made under license by a new division of Aircraft Specialties Co., Hicksville, N. Y.

**Some 2,000 patents** once held by Eastman Kodak are now available from the U.S. Patent Office on nonexclusive licenses.

**Necks and heads of TV picture tubes** are glazed together automatically by a machine designed by Mullard Electronic Products, Ltd., Surrey, England. It can turn out 9-in. and 12-in. tubes at the rate of 1 per min.

**A high-speed camera** at the Army's Aberdeen Proving Ground takes pictures of shock and detonation waves of explosions at a speed of 100-million frames per sec.



## "Tomorrow's another payday and nobody's working late!"

Like to hear that said about *your* payroll department every payday eve? You can . . . easily. Put Burroughs payroll accounting machines to work there. Use Burroughs swift simplicity—to prepare as many as 350 checks and earnings statements an hour . . . or to write checks and statements, post ledgers and journals in one simple, speedy operation. Use Burroughs automatic efficiency to reduce expense by producing more checks faster, with fewer people and machines. Use all of Burroughs speed and thrift and accuracy to get the payroll out on time . . . to get out on time yourself. Ask your Burroughs man for full details, or send us the coupon.



"Reduce Your Payroll Work" explains in detail two Burroughs plans for cutting cost and time from payroll preparation with Burroughs High-Speed Payroll Machines. Send coupon for your copy.

MAIL THIS COUPON:

Burroughs Adding Machine Company  
Detroit 32, Michigan

I would like the facts on Burroughs High-Speed Payroll Accounting Machines. Please send me "Reduce Your Payroll Work."

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BW-33

WHEREVER THERE'S BUSINESS THERE'S BURROUGHS

# Burroughs



to cut  
selling costs



## TRY A Milprint PACKAGE

More sales reduce your unit cost of doing business. And an eye-catching Milprint package can be a vital factor in upping your volume, increasing shelf velocity and swinging new customers your way.

Milprint's sales-wise package designers and merchandising men are ready to apply their experience to your package to help you cut selling costs. Call your local Milprint man or write today.



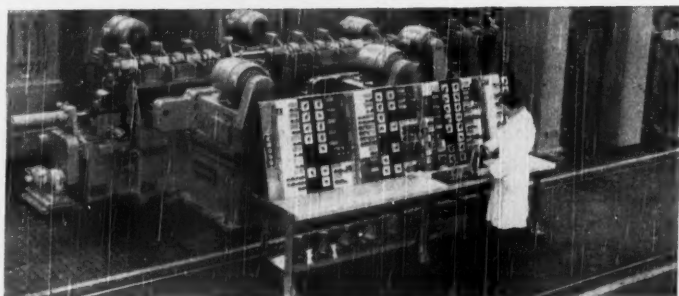
For Libby's frozen food family, Milprint retograde printed cellophane carton overwraps.

Use Milprint "Follow Through" Service. Milprint can create and produce all your printed promotional material—lithographed displays, booklets, cards, point-of-sale pieces, folders—everything you need to help merchandise your packages and advertising.

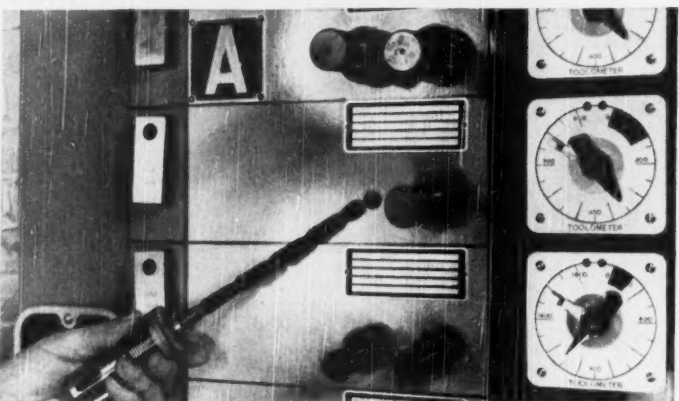


General Offices Milwaukee, Wis. • Sales Offices in All Principal Cities  
Printed Cellophane, Plastics, Acetate, Glassine, Plastic Films, Foils,  
Folding Cartons, Lithographed Displays, Printed Promotional Material.

## NEW PRODUCTS



CONTROL UNIT, with its workbench, is hooked up to machine-tool production line.



CLOSEUP of control board shows cutting tools, gauge, dial to tell when tool is worn out.

## Cutting Down-Time for Cutting Tools

Control unit keeps tabs on condition of tools, stores replacements in pigeonholes to keep wasted time to a minimum.

Down-time—the few minutes it takes to change and adjust cutting tools—can send costs snowballing along a machine-tool production line. Running tools too long between changes can be expensive, too.

To shave minutes off these idle periods, and to stretch tool life, Cross Co., Detroit 7, Mich., has developed a Machine Control Unit that makes tool preparation and replacement a quicker job. The unit has a master control board, which connects to a group of machines, and a workbench for preparing the tools for use.

• **Control Board**—The control board is pigeonholed into sections for each type of tool on the production line. Each section has space for two sets of tools and their holders; a tool-setting gauge; a name plate for identification and inventory requisitions. Control board sections, and the machine tools, are color

coded, and marked alphabetically to help an operator identify a control with a particular machine.

Visual recorders on the control board, called Toolometers, show the used and unused life of each tool that's working. The recorders can be preset to the number of cycles the operator wants for each kind of tool and work. After a tool finishes a machining cycle, one of the pointers on the Toolometer dial moves one interval to the right. When the pointer reaches a red portion on the dial, watch out: There are only a few hours of productive life left in the tool. That's the cue for the operator to replace it. When the pointer gets to zero, the machine it controls stops automatically.

• **Workbench**—Cutting tools are assembled on the workbench in front of the control board. They are preset to desired length, and then are stored in the

board for future use. That way, the operator is ready for quick changes when the Toolometers say it's time.

## ONE DOES THE WORK OF 29

To do a thorough job, a maintenance man usually carries his weight in wrenches around a shop. His tool box can include as many as 30 different wrenches that weigh from one to 40 lb. each.

Owatoona Tool Co., Owatoona, Minn., has two adjustable open-end wrenches to lighten a shop repairman's load. The wrenches replace 29 different sizes of tools, the maker says.

Movable jaws on the wrenches are punched with a series of holes; a bolt through the holes fastens them to the framework. To adjust the wrench to a nut, you merely slip the bolt through the hole that gives you the best fit.

A small 10-lb. model will handle repair work on small equipment. A heavier 22-pounder does for bigger jobs.

Both wrenches are drop forged for added strength, and are lightweight.

## X-RAY PACKAGE FOR RENT

If X-ray equipment is too expensive for your company's budget, a rental plan offered by General Electric X-Ray Corp., Milwaukee, Wis., may fill the bill. The company calls it Maxiservice.

You can rent the X-ray package by



## Just Add Water

A handy gadget for golfers, made by ParPal Co., 526 Main St., Toledo 5, Ohio, does just about everything but cheat on the score. Carry it around in your pocket and watch it work—as a stymie marker, yardage scale for iron shots, shoe-spike wrench, club-furrow cleaner, pencil sharpener, bottle opener, screw driver, tee sharpener, finger-nail cleaner, and locker-key chain.

# Seasoned troupe of MONEY SAVERS cast in well-earned roles at NATIONAL TEXTILE SHOW



THIS MONTH at Atlantic City the great and growing textile industry stages its National Show, to present the latest and best in processes and equipment.

Here are six ball bearings, typical of the many originated and developed by New Departure. They will be on display at the New Departure exhibit where visiting designers and engineers customarily spend much of their time.

And no wonder! For most of the advance in ball bearing design for textile machinery these last ten years are "new departures." May we send you literature?

*Nothing Rolls  
Like a Ball...*

## NEW DEPARTURE BALL BEARINGS

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONNECTICUT





# skylines... by Otis

Dallas, Texas, owes its spectacular growth to the "big 'D' do-how" of its citizenry. From a cedar bough trading post in 1841, Texas gumption has molded a metropolis that sparkles with feminine beauty and cosmopolitan glitter, and hums with commerce. Hub of the Southwest's richest agricultural area; headquarters for banking, railway and oil interests; and a wholesale and manufacturing center, the 'City of Diversification' is equally proud of its cultural achievements. Civic-wise a \$40,000,000 *Master Plan* is expanding a skyline made possible by 1,241 elevators — of which 759 are by Otis.

## AT HOME OFF THE RANGE

A sign of home welcomes cattlemen to the Herring Hotel in Amarillo, Texas. Cattle brands, from ranches of 100,000 to 1,000,000 acres, decorate the interiors of the new Otis elevators.



## 3 TIMES FASTER

Otis builds power-operated freight elevator doors and gates that open simultaneously — electrically! Three times faster than manual operation. They speed freight schedules. Save energy. And they're available for modernized installations as well as new.

## NO BIG REPAIR BILLS

We can tell you exactly what it'll cost you — at a flat monthly service charge — to increase the life expectancy of your Otis elevators by more than 50% with Otis maintenance. 263 offices are ready to handle maintenance — anywhere.



## ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.

the month, set it up in your own plant, says John H. Smith, the company president. The fee covers use of the apparatus, maintenance, and parts replacement. The company will show you how to run the equipment. And if your rented machine becomes obsolete, GE will supply an up-to-date model.

## CRYSTALLINE COAT ON STEEL

Poly-Kote, a patented paint-bonding process, produces a crystalline coating on iron and steel. The makers—Kelite Products, Inc.—say it eliminates need for chromic acid bath. Poly-Kote can be applied by immersion or spray, is nontoxic and nonflammable. Coating can be light or heavy, with low porosity and high plasticity. Kelite Products is at P. O. Box 2917, Terminal Annex, Los Angeles 54, Calif.

## NEW PRODUCTS BRIEFS

**A dyeing additive**, Evenate, developed by Amalgamated Chemical Corp., Philadelphia 34, cuts the percentage of re-dye work on nylon by about 11%.

**An etching tray** for lithographers is made from translucent Plexiglas. The chip-proof trays are supplied in three standard sizes by Henry P. Korn, 5 Beckman St., New York 7.

**Putty** that comes in a pliable plastic container is a product of Gilman Paint & Varnish Co., Chattanooga 1, Tenn. Lead, zinc, and titanium are added to make it last longer, give a better finish.

**A dust collector**, called Dustbuster, is a low-cost, packaged unit. Agat-Detroit Co., Ann Arbor, Mich., the manufacturer, recommends it for lumber and plastic plants.

**A rust resistor** marketed by Thompson-Long Co. works as a liquid primer for paints. It goes on over rusted surfaces without cleaning. The company is at Board of Trade Bldg., Chicago 4.

**A hand sprayer for insecticides**, called Nebulizer, discharges an extra-fine spray, requires less pumping. It's available in half-pint, pint, quart, and 2-quart capacities. The maker: H. D. Hudson Mfg. Co., 589 E. Illinois St., Chicago 11.

**Postal scale, ruler, and letter opener**—all in one—is made by Optim Products, Inc., 576 Broadway, New York 12, N. Y. Letters clip into the end of the ruler, which pivots on a button at the center. As the ruler tilts, an indicator attached to the button shows the weight of the letter in ounces.





## THE RIGHT GUESS...THE WRONG WEIGHT

As anyone could guess, the man on the scales weighs more than he should. Like some 42 million other Americans who are overweight, his excess pounds may affect not only his appearance, but his health as well.

How much should a person weigh? Some doctors say that proper weight at age 25 to 30 should be maintained throughout life. Most

people, however, gain weight as they grow older.

The average increase during or after middle age is about 15 pounds. To avoid this, it is wise to follow the doctor's advice about diet, exercise, and living habits, especially after age 30.

If overweight should occur, it is usually possible to reduce to proper weight simply and safely under medical guidance.

### Some ways to reach and keep your best weight

**See your doctor** before attempting to reduce. Virtually all cases of overweight are due to overeating. Some cases, however, may be complicated by other conditions.

After a thorough examination, the doctor can determine whether or not you have complications that require special medical attention. He can also decide how much weight you should lose, and advise approved methods by which you can lose it safely.

**Follow your doctor's advice** about diet. Authorities say that weight loss usually should not exceed 6 to 8 pounds a month. A diet that causes more

rapid loss may fail to provide food elements the body needs.

So let the doctor recommend the kinds and amounts of foods that will protect health and strength while you are reducing. It is also wise not to take any reducing drug except under a doctor's supervision.

**Rely on your doctor** to recommend proper exercise. Excess weight strains the heart and other organs—and too much or the wrong type of exercise may add more strain.

Some physical activity is an aid in most cases, for it may help to use up food that might otherwise turn into

fat. Only the doctor can determine the types of exercise that will be effective and safe in your reducing program.

**Even after reducing**, people with a tendency toward overweight often put on extra pounds again. This can usually be avoided by following a medically supervised daily routine.

For more facts about overweight, send for Metropolitan's free booklet, "Overweight and Underweight." For example, it contains tables of desirable weights, suggested low-calorie menus and caloric values of nearly 300 foods.

COPYRIGHT 1960—METROPOLITAN LIFE INSURANCE COMPANY  
**Metropolitan Life**  
**Insurance Company**  
(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



**TO EMPLOYERS:** Your employees will benefit from understanding these important facts about healthful eating. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

# MANAGEMENT

General Motors has made mistakes. It built a Buick that bulged to the laughing point. And it set itself a hard row to hoe in dealing with the labor problem.

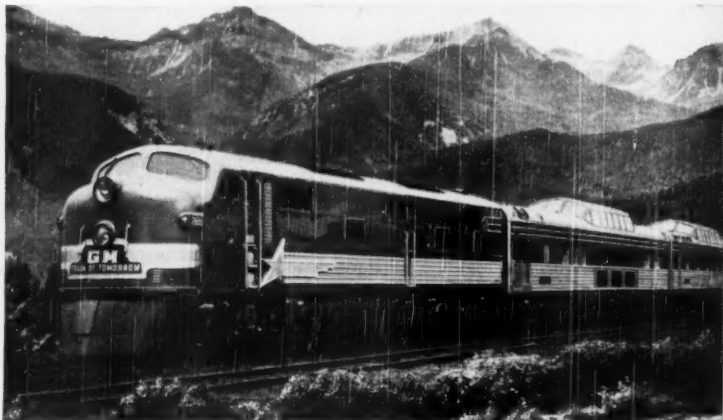


Five-Passenger	Two-door Sedan—20	\$1220
Five-Passenger	Phaeton—25	1225
Two-Passenger	Business Coupe—26	1195
Four-Passenger	Special Coupe—26-S	1250
Five-Passenger	Four-door Sedan—27	1320
(Subject to change)		

BUICK FOUR-DOOR SEDAN—27

THE 1929 BUICK: People jeered at its "pregnant" lines.

But its successes far outweigh its boners. It developed the diesel locomotive to the point where it sells more than anyone else. And it developed the vice-president into a unique class—the group that puts GM at the top of the heap.



GENERAL MOTORS DIESEL powers the "Train of Tomorrow."

## General Motors: The Great Nonesuch

These are the days of bigness. We have big government. We have big labor. And we have big business.

In 1929, only two companies—General Motors and U. S. Steel—were in the billion-dollar league (revenues or sales of \$1-billion or more).

In 1939, General Motors had a different companion, this time AT&T.

In 1949, 17 companies made the top class. And GM again headed the list (page 102).

Now, in 1950, GM is making its bid to be the first company in history with a billion-dollar income after taxes.

General Motors Corp. reported its first-quarter earnings this week.

Net profit, after taxes, is \$212,387,765 for the first three months of 1950. Never before has any business come so close to running at a net-profit rate of a billion dollars a year.

Other statistics were equally staggering. Among them:

GM's net sales were more than \$1.6-billion.

It was employing 436,265.

It paid out \$404-million in wages and salaries.

GM has produced 870,000 cars and trucks, thus creating approximately 300-

million additional units of horsepower.

It made more diesel locomotives than anyone else in the world.

It made more refrigerators than anyone else.

It earned \$4.76 in 65 working days for each share of some 43.9-million shares of its \$10 par common stock.

• **Explain It?**—Clearly, GM is good; good enough to make comparisons with other companies invidious, perhaps. GM got a break because Chrysler was strikebound during two-thirds of the quarter. GM makes products a mass market wants and can pay for. But none of this is sufficient to explain



WALTER REUTHER of UAW.



DOORWAY to GM achievement.

## of Industry

why GM's pinnacle should be so high.

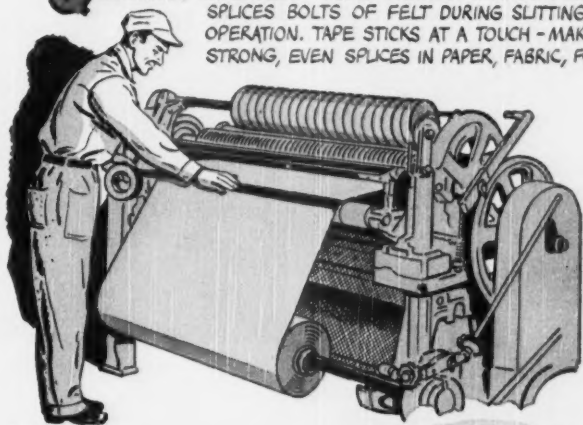
There is no simple explanation. Neither is there any single secret. GM's greatness is compounded out of elements so obvious that they are frequently overlooked.

First and foremost, GM is in the biggest business of the 20th century: It manufactures speed. This is the age and the country of the power-driven wheel. An auto company rides on that power.

Next, it never relaxes. Not content to make a good product at a price, it strains to make a better one at a better price. Its research and development

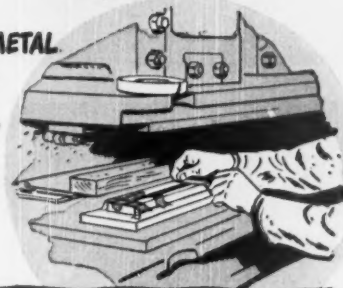
## HOW TAPE HELPS INDUSTRY SAVE TIME, CUT COSTS...

**QUICKER SPLICES WITH TAPE.** HERE **PERMACEL** SPLICES BOLTS OF FELT DURING SLITTING OPERATION. TAPE STICKS AT A TOUCH - MAKES STRONG, EVEN SPLICES IN PAPER, FABRIC, FOIL.

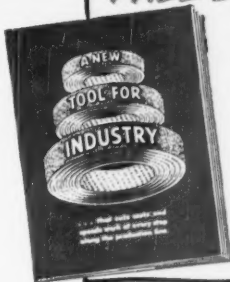


**PROTECTING POLISHED METAL SHEETS IN DIE-FORM.**

STRIPS OF **PERMACEL** ON PORTIONS OF PRESS CONTACTING POLISHED SURFACES PREVENT COSTLY SCRATCHES — **PERMACEL** LASTS LONGER, STRIPS OFF EASIER.



**FREE BOOKLET SHOWS HOW TAPE CAN HELP IN YOUR BUSINESS**



Whatever your business, chances are you'll find the facts, figures, and pictures in this 12-page booklet will help you cut costs! Just drop a note—on your business letterhead, please—to Dept. 42, at the address below for your copy.


**PERMACEL** offers a complete line of tapes—each one laboratory-developed, carefully tested under toughest conditions for tensile strength, adhesion, stretch.

# Permacel®

**INDUSTRIAL TAPES**

**INDUSTRIAL TAPE CORPORATION • NEW BRUNSWICK, N. J.**

THE  
AMERICAN  
APPRAISAL  
COMPANY



Valuation of  
Tangible and Intangible  
Properties for  
Insurance Accounting  
Finance Tax and  
Legal Requirements

**SAVE MONEY!**



Bind your loose-leaf  
records in the most  
efficient and durable  
binder ever developed.

**LOW COST**

THE NEW ALUMINUM HINGED



STORAGE BINDER

**FREE SAMPLE.**

Attach this ad to your  
business letterhead for FREE Sample (3½" x 6") which may  
be used as memo pad, and complete details including prices.

**BANKERS BOX COMPANY**

Established 1918

720 South Dearborn Street, Chicago 5, Ill.



TOP TALENT in biggest industrial show: Chairman Alfred Sloan (left), President Wilson.

operations are superb in conception, budget, and technique.

Then it harnesses the competitive drive. GM competition is only partly directed at Chrysler, Ford, and the rest. It's directed inward, too. Chevrolet fights Pontiac for business. Cadillac, Buick, Oldsmobile compete with each other as they compete outside the family circle.

• **Talent**—Above all, GM has the management talent—in depth, like the Notre Dame football squad with a half-dozen stars slotted in every position and ready to perform on call. Like many other managements it has organization charts, policies, plans. But as with no other management those charts, policies, and plans come alive.

Knowledge, vision, judgment, and administrative skill are the chief components of management talent. Presumably, no enterprise can get enough of them. But for GM alone, one can say: It may have more than it needs.

• **It Can Be Wrong**—Not that GM has never made a mistake. It has made some beauties. It can be argued that GM played Dr. Frankenstein and created a monster in Walter Reuther—if you use Reuther to symbolize the destructiveness of organized labor in the auto industry. GM might have made the kind of deal that U.S. Steel's Myron Taylor made with John L. Lewis. But since it didn't, it brought on a 13-year headache that may last another generation.

Even in the business of building cars, GM's foot has sometimes slipped. Nationwide jeering greeted the "pregnant" Buicks of 1929.

But such blunders stand out largely because they are exceptions. Overbalancing them by far is the steady stream of shrewd guessing, astute forecasting, and highly profitable decision-making that flows from the corporation's offices at 57th St. and Broadway in New York and Grand Blvd. in Detroit.

### I. Family Rivalry

Significantly, only a small part of this direction applies to GM as such. Most of it moves out to one of 30-odd companies that make up the GM family. These separate divisions are highly autonomous. They call on central help when they want it. But they run on their own steam, are held accountable for their own success—or lack of it.

For many of them, sharpest competition comes from other divisions of the corporation. Talk to an Olds, Pontiac, or Cadillac man about the Hydra-Matic transmission. He will painstakingly try to sell you on its superiority over Buick's Dynaflo. Talk to a Buick man. He'll argue till he's blue in the face that Dynaflo is better. Then listen to a Chevrolet executive. He'll look down his nose at both and tell you how the Chevy Powerglide is a step ahead of Dynaflo and Hydra-Matic.

Talk to the man who comes to Detroit from a GM accessory division in Ohio or Indiana. He's in for a grueling time if he has come to sell a piece of wiring or an engine part to one of the car-building divisions. He'll tell you, "Those bloodsuckers never give me an



# Come to Chicago this Summer

**Chicago Fair of 1950**  
June 24 through Labor Day  
Lake Front Exposition Grounds

*The Spiramid, symbol of the Chicago Fair of 1950, suggesting the upward spiral of progress to new and ever loftier heights in the standards of American living.*

*This Fair will dramatize many phases of achievement in agriculture, commerce, industry and science in the United States. Planned as an exposition of the "American Way" of life, its features will be highlighted by a spectacular pageant, "Frontiers of Freedom", dramatizing America's pioneer heritage.*

Starting with the Columbian Exposition in 1893 and continuing through the Century of Progress in 1933 and '34 and the Railroad Fairs of 1948 and '49, Chicago has a record of consistent successes in staging these great exhibitions... commemorating historic occasions and dramatic achievements of industry. The fair planned for 1950, while unlike any previously presented here, will uphold this city's tradition for outstanding events of this sort.

Diversified skills and technological advances are

potent factors in the industrial and agricultural growth of the Chicago-Northern Illinois area. This area, strategically located, rich in easily accessible natural resources, is a fertile proving ground of successful industry.

We will gladly prepare for you a confidential survey of the benefits of locating in the Chicago-Northern Illinois area, as they apply specifically to the problems and basic requirements of your business. There is no obligation, of course.

**Industries in the Chicago area have these outstanding advantages:** Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record • More than 2,500,000 Kilowatts of Power • Tremendous Coal Reserves • Good Government • Good Living • Good Services for Tax Dollars.

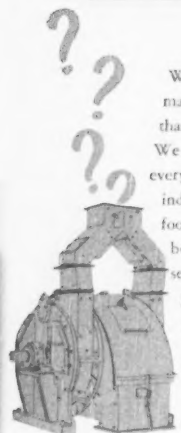
## TERRITORIAL INFORMATION DEPARTMENT

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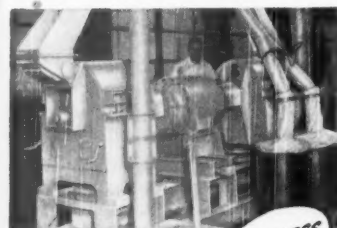
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PROBLEM?  
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PRATER!**

# PRATER PULVERIZERS

even break. I'm part of General Motors, so I have to sell twice as hard."

That's the GM system. It keeps the company a safe distance from the sluggishness that other corporations often breed when they get too big.

## II. Men Who Made GM

The man who made GM what it is today is Alfred P. Sloan, Jr., who came out of a middle-class eastern family to an early job in the budding auto industry. He has been in the industry almost all the days of his working life—and he will be 75 this month.

Fresh out of the Massachusetts Institute of Technology, Sloan went to work for Hyatt Roller Bearing near the turn of the century. His talent helped his company to grow with the auto industry. It became part of GM in the Billy Durant days. When Durant finally pyramided himself out the window, the du Pont interests prevented a financial crackup. The man they picked to run the sprawling enterprise was Sloan.

Named president in 1923, Sloan carried out du Pont policies, then began to work out new ideas of his own. Dubious at first, the du Pont family was eventually convinced that here was a rare bird. They let him fly free, and the GM of today was on its way.

• **Successor**—Till recently, Sloan was the most important decision-maker in the corporation. Today, the operating reins are in the hand of a one-time electrical engineer who put the Remy Electric Co. on its feet and became president of the then-new Delco-Remy Division. This man, Charles E. Wilson, is now president of GM after a career that brought him to Detroit via Carnegie Tech and Westinghouse.

Wilson is an engineer to the bone. He acts, thinks, even talks like one.

## III. The V-P Is a VIP

One of Wilson's main jobs is to decide between different proposals put before him by vice-presidents and division heads. For though GM didn't invent vice-presidents, it has developed them to their ultimate.

There's a hoary Detroit wheeze that says the noise you hear on the 14th floor of the GM Building comes from the vice-presidents changing shifts. At last count—and the count varies from month to month—there were 31 of them. But in helping to create what is almost a new class, GM has avoided creating a vice-presidential bureaucracy.

• **Men With a Job**—GM's crew functions at operating and at staff levels—and it functions. The men over the major operating divisions (car producers and parts) are v-p's. So too, are the men heading staff work in finance, engi-

neering, personnel, public relations, etc.

For the most part, the GM v-p has come up from the ranks. Among them are holders of technical degrees, former salesmen, foremen, bookkeepers, shop hands. As a group, there is nothing that can equal their quality in all American industry.

• **Why They Stay**—How does GM get men that good and hold them? Part of the answer is pay. The corporation has any number of executives earning more than \$100,000 a year. It has 4,204 getting an annual bonus which, based on annual earnings, will be handsome this year.

And they have a sense of security. There are no job guarantees at GM, but there is probably far less politicking than anyone would expect. Competition is so open that there is no point in backstairs intrigue.

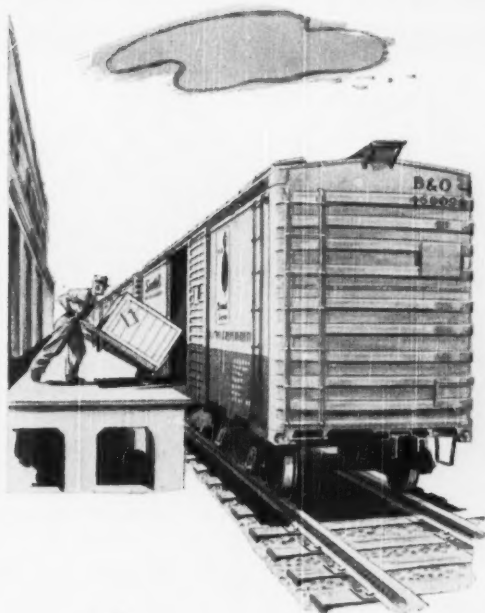
Perhaps the most notable characteristic the GM v-p class has in common is farsightedness. Let a strike come at a GM supplier plant, and it's more than a coincidence that GM made other arrangements in advance for an uninterrupted flow of material. Let a new engineering development be announced by someone else, and it's an odds-on bet that GM's research files have more facts stuffed away than the developing company knows about.

## IV. Profits Are Problems

The very profits that mastery of mass production techniques, effective selling, and superlative management have brought GM may well prove to be the company's biggest future problem. A stock split could spread the corporation's equities more widely than any other U.S. corporation. But, chances are, GM will continue to earn more money than any other private enterprise. That will make it an inviting target for trust-busters, reformers, and collectivist-minded elements.

If it lowers the price of its products, it will be charged with unfair competition. If it raises wages too high, it will have on its neck other auto companies that can't meet union demands for a comparable pay scale. If it takes a stand in its present negotiations with the CIO which leads to a strike, it will be accused of sitting selfishly on its moneybags. But if it gives the word to its various units not to make quite so much money, it will be shattering the morale of its whole structure and confounding the methods that make GM what it is.

The problem GM faces is a problem touching all business. How can a superlatively successful company stay that way in an unfriendly political environment? With GM facing that dilemma, the problem is getting the attention of the best management corps in the world.



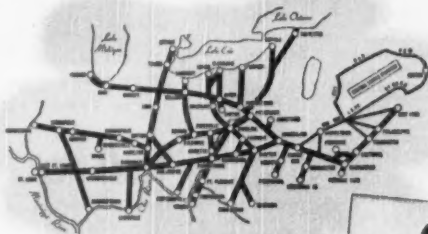
**"It's Siding-to-Siding time that counts  
so I prefer Sentinel Service"**

Smart executive! Naturally, he knows that upset plans and lost hours make serious inroads on profits. So he calls the *siding-to-siding* dependability of B&O's Sentinel Service to his aid. Unloading, processing, and marketing proceed without a hitch.

Another valuable part of Sentinel Service is its *Automatic Records* feature. If the schedule of a Sentinel car is interrupted for any reason, consignor and consignee are informed immediately—then notified of reforwarding—and can plan accordingly.

You will like the advantages of this unusual service. You can have them—even if your plant is not actually on B&O

lines. Sentinel Service is automatically applied to cars from the time they are received on the B&O . . . Ask our man!



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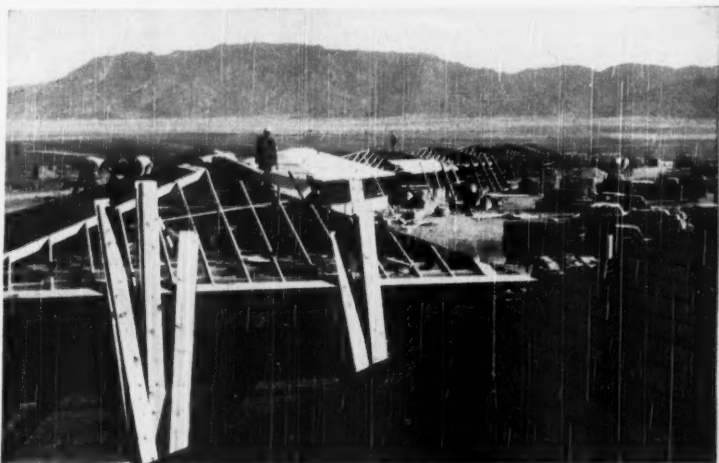
NAME OF QUALITY  
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## CITIES



**"LITTLE WASHINGTON":** Albuquerque, for years a center of federal operations in the Southwest, basks today in a climate of A-bomb spending.



**HOUSING,** as far as land goes, simply means pushing into the desert. But real estate costs are sky-high, and cheap homes hard to come by.

## Albuquerque: Bombs Build

Back in the early days of the war before Ernie Pyle went looking for the bullet that finally found him, he wrote a piece about Albuquerque.

"People are always asking me why I decided to settle down here," he said. "Well, it's a hard question to answer. I guess it's like being in love with a woman. You don't love a woman because she wears No. 3 shoes, or eats left-handed, or has a diamond set in her front tooth. You just love her and you

can't help yourself. That's the way we are about the Southwest."

• **Sentiment Alone?**—If you asked a businessman or merchant the same question today, he would probably give you much the same answer—though it might be less lyrical. Still, if he were completely honest, he would have to add a much more down-to-earth reason. Albuquerque, in 1950, is in the midst of one of the best little booms—government style—in the country.

# AS COMFORTABLE

AS AN EASY CHAIR



**NEW!**  
**WHITING CRANE**

**ELIMINATES  
OPERATOR FATIGUE!**

## INSURES SAFE, SMOOTH OPERATION

A crane is no safer than the operator who runs it. Old-fashioned "stand-up-and-lean" crane cabs quickly tire the operator and drastically reduce his efficiency after a few hours.

Now, in the new Whiting Crane, this fatigue is eliminated. The operator sits in the scientifically comfortable Roto-Chair, with instant-acting magnetic controls at his finger tips. Yet he has perfect vision of the working area below.

Even after hours on the job, the operator retains the split-second alertness he needs to handle the crane efficiently and to protect the safety of his fellow workers. Whiting Corporation, 15661 Lathrop Avenue, Harvey, Illinois.

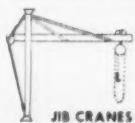
*Offices in Chicago, Cincinnati, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, and St. Louis. Agents in other principal cities. Canadian Subsidiary: Whiting Corporation (Canada) Ltd., Toronto, Ontario. Export Department: 30 Church St., New York 7, N. Y.*

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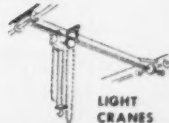
HOISTS



JIB CRANES



TRAPEZOIDAL BEAM SYSTEMS



LIGHT CRANES



PRIME INGREDIENT of boom is Los Alamos. Expansion there will come to \$100-million.



MAINSTAY since the war has been Kirtland Field, now headquarters of Special Weapons.

## Boom Town

Even in the old days, Albuquerque was known as "Little Washington." Scattered around the town were 87 federal agencies with payrolls of about \$10-million a year. Today, that looks like peanuts. The military and semi-military payrolls alone come to more than \$29-million a year. On top of this are the wages of the other federal agencies. Add on the \$65-million the government will have spent for construction by 1951, and you have the basis of a

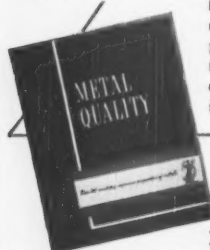


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forging engineer about possibilities for reducing costs by using forgings.



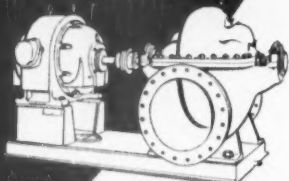
Write for 40 page booklet on "Metal Quality" which shows how users benefit from all the inherent advantages of drop forgings.

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• Whether it's extra large or very special, Economy will build for you the pump best suited to your specific needs. Service is fast . . . we're compactly organized with excellent production facilities. We're equipped to test in actual operation pumps to 30,000 G.P.M. Our engineers are fast and right with the answers to unusual pump problems. Illustrated is an Economy Double Suction Pump fully described in Catalog A-1147.

**Economy Pumps Inc.**

Div. of Hamilton-Thomas Corp.  
Hamilton, Ohio

hale and hearty businessman's picnic.

• **More From the Larder**—Last week, Albuquerque's lunch basket was filled even further. Close to 25,000 people jammed the state fair grounds to whoop it up for the signing of the first work contracts on the Middle Rio Grande Flood Control Project. This is planned as a \$70-million program. The first government money will go into construction of a flood-control dam about 25 mi. northeast of the city.

For the time being, though, Albuquerque's mainstays will continue to be its military bases. Just east of the city, the Atomic Energy Commission has its giant Sandia Special Weapons Center. Built since the war, Sandia has cost AEC something like \$60-million; this year, the commission will pour another \$20-million into its expansion. At the Kirtland Air Force Base, which was a bombardier training center during the war, the government has set up the headquarters of a Special Weapons Command. There, planes and men are conditioned for war as it will be in the atomic age.

A third base, Los Alamos, is out of the city's immediate sphere. But even though it is 60 air-mi. away, the effect of its spending and building has repercussions on Albuquerque. At the start of this year, AEC said it planned another \$100-million for contracts to "permanize" the base. Local contractors and suppliers are sure to get a slice.

• **It Hurts to Grow**—In 1940, Albuquerque had a population of 35,449. When the final count is in on this year's census, the figure will probably be around 102,000. A good chunk of this has come from simply pushing out the city limits. (The old 10-sq.-mi. area is up to 45 sq. mi., now—as much land as there is in San Francisco.) But even more of the gain has come from the crowds that have tumbled into the city since the war.

People have brought a painful housing squeeze to Albuquerque. In 1945, building permits ran to about \$3-million; last year, they topped \$20-million. Close to 8,000 dwelling units have been built since the war. And still people have to pay \$100 a month for a simple two-bedroom house—when they can find it.

All sorts of other shortages cropped up. The electric company ran out of meters to install in houses. The telephone company got 5,000 phones behind, and still hasn't wiped out the backlog. Schools bulged, and sewers overflowed. The city and the utilities, as they jumped from one job to another, began to feel as though they were trying to dam a flood with a sieve.

• **The Old Days**—It used to be different. Back in the 30's, Albuquerque was just a sun-baked city trying to grow peacefully as a health center. It had been

thus for 100 years. People arrived on stretchers and lived to burn them for firewood. Clinton P. Anderson, the present senator, came in on his back.

Years ago, the Veterans Administration picked Albuquerque for one of its hospitals. The U.S. Indian Hospital was set up there; so was a hospital for the Santa Fe Ry. The climate (seldom below 30F, or above 90F) with sunny, dry days was a perfect prescription to run a medicine maker out of business.

Tourists like it, too. The oasis, plopped down in the desert, sooner or later became a stopping place for the thousands who traipsed to New Mexico to hunt and fish, to look at the scenery, and to gape at the Indians. By 1938, the state could count its tourist income at \$80-million a year.

• **Business As Usual**—The war changed Albuquerque very little—at least from an industrial standpoint. There was talk of getting some war plants, but there was little floor space. Most men who didn't go into uniform drifted away to other states where war production was booming.

All that fitted the pattern. Albuquerque's business role has always been one of distribution—not manufacture. A railroad center for 50 years (it used to be said that the mayor couldn't sneeze without asking rail officials for permission), Albuquerque's distribution territory laps over into Arizona, western Texas, and southern Colorado. In New Mexico itself, the city hasn't a metropolitan competitor within 300 mi.

For years, practically all the state's insurance and finance companies have had headquarters in the city. New Mexico's \$100-million livestock industry is largely supplied and serviced out of Albuquerque. Wool and hide buyers, manufacturers' agents, appraisers, and lumber processors have all made bases there.

• **Airways**—Since the 30's, aviation has done a lot to foster the city's reputation as a traffic center. On the word of Charles A. Lindbergh, Transcontinental & Western Air (now Trans World Airlines) decided to come through Albuquerque in 1930. Since then, Albuquerque has been tagged as one of the few places where pilots can sit down—and see—when the rest of the country is in soup.

In February, the city's 2,300-acre municipal airport handled over 14,000 flights—more, the city says, than Los Angeles and New York's La Guardia and Idlewild airports combined. Much of this traffic, of course, was made up of small private planes.

• **New Face**—The years since the war have brought a gradual change to Albuquerque's business makeup. True, from a retail standpoint, things are much as they always were. The biggest stores are still J. C. Penney, Sears, Roebuck, and



Montgomery Ward. And the way the city has spread out—in the form of a cross—has kept the pattern of neighborhood business and scattered shopping centers intact.

But with population has come the city's first real taste of industrial development. By last year, there were more than 350 manufacturers and processors in the city with sales that counted up to more than \$20-million. The production roster now runs all the way from heavy logging trailers, oil field equipment, and insulation to bar fixtures, greeting cards, and plastic products. The old standbys—Indian silver jewelry and handwoven textiles—are still around, but their billing is down to second rank now.

• **Land**—With all the boom, real estate has gone into a spiral. Fifty-foot lots that sold for \$350 in 1938 are worth \$100 to \$200 a front foot today. One man who inherited 400 acres, 6 mi. from the center of town, turned down an offer of \$7.50 an acre in 1944. In April, he sold for \$1,000 an acre.

Despite land prices, most buildings that are going up are simple and unpretentious. Homes, particularly, are plain—most of them a combination of early Spanish and Indian styles.

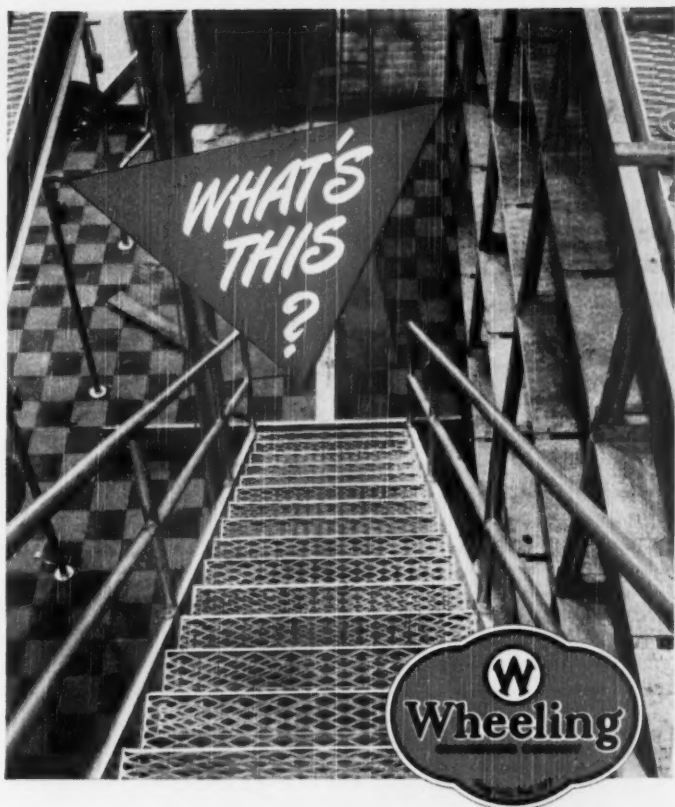
Architecture has always been conditioned by the climate in Albuquerque. Buildings are flat-topped and spread out; colors are light, with the pastel shades predominating. Many of the homes have patios inclosed by wings of the house, or by thick, stuccoed adobe walls.

Being ostentatiously rich has never been a popular idea in Albuquerque. Practically no one has gone in for mansion building.

Actually, there are probably only two men in the city who could be called millionaires. Joe Barnett, who started in business with a saloon in 1880 and today owns business and theater buildings, is one of them. Another is Albert G. Simms, a former U. S. representative, who lives like an English squire on a farm and is the owner of the city's largest dairy.

• **The Future**—The question now that worries people is what will happen when the boom is over. To that, the city fathers have a stock answer: Albuquerque is no Johnny-come-lately. It has been on the main stream of travel for two centuries. It was a stop on the old Chihuahua Trail; it stocked up the wagon trains that pushed through to California; it fed the Union and Confederate armies when they fought for the West; and it has supplied its corner of the country for 50 years—since the railroads first came to its door.

And beyond supply and distribution, the fathers say, there will always be the tourists and the state university. The school alone means \$7-million a year to the city's economy.



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Prevent accidents by using it for machine guards, radiator guards, window and skylight protection.

Excellent also for grilles, lockers, bins, parts trays and baskets. Easily formed to fit every need. Write us for information.

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# IT'S LATER THAN YOU THINK

INDUSTRY IS EARNESTLY ADVISED by  
military and government agencies  
TO DECENTRALIZE  
TO MOVE INLAND  
MAYBE they're unduly alarmed

—MAYBE

BUT when this advice is also advanced by economic analysts, by industrial consultants and your own common sense,

IT'S TIME TO MOVE TO  
someplace where there are:

better working conditions  
lower production costs  
more trouble-free operation

For your consideration in this respect,  
we respectfully present NEBRASKA  
with its

unlimited, constant-temperature  
WATER  
low taxes  
high-grade intelligent workers  
higher man-hour production

AND—the genuine joy of living felt  
by everyone (not just the hunters and  
fishermen) living in this healthful  
atmosphere.



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Store fixtures made in  
Nebraska are sold  
throughout America. This  
manufacturer saw real  
production opportunity  
here — started, stayed  
and is still growing in  
Nebraska's healthy, industrial climate.



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*Neighborly*  
**NEBRASKA**



GIANT PLANES will glide down to one of the longest runways in the country—9,450-ft. long, 200-ft. wide. Cleared area around field licks obstruction hazards.



TERMINAL has 110-ft. tower, soars 9½ stories. Passenger comforts include roomettes, conveyORIZED luggage handling. Cargo space of 6,700 ft. is available.

## No Plane Too Big for This

Someday, someone is going to build an airplane so ungodly big it can only land one place on the whole Eastern seaboard. That place will be Annapolis, Md.

Early in July, Friendship International Airport, midway between Baltimore and Annapolis, will open for passenger and cargo traffic. Friendship's three runways not only can handle any plane now flying (as New York's Idlewild can), but also any now taking shape on a drawing board.

Zoning laws protect a 32-sq.-mi. area around the airport from high structures, will lick the obstruction hazard.

A 9½-story administration building,

with control tower rising 110 ft. in the air, houses separate passenger and service functions. Innovations are 22 roomettes where passengers can take a shower, a nap. Luggage handling presents no problem—chutes and conveyors supply the answer.

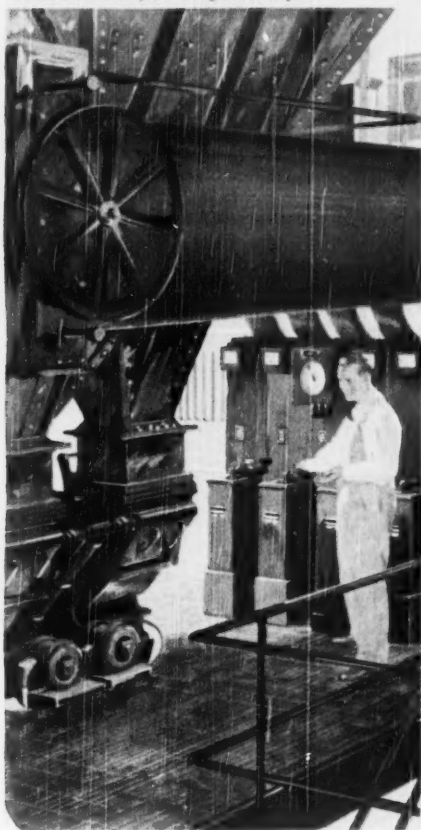
The engineers went all out for expandability in designing Friendship. The three runways can be increased to six; any single function can be expanded independently of the others.

Cost of the new giant: \$15-million, which is dirt cheap for an airport these days. The relatively low cost is due to using new methods, mainly that of compacting the earth before paving.

# There's only one way

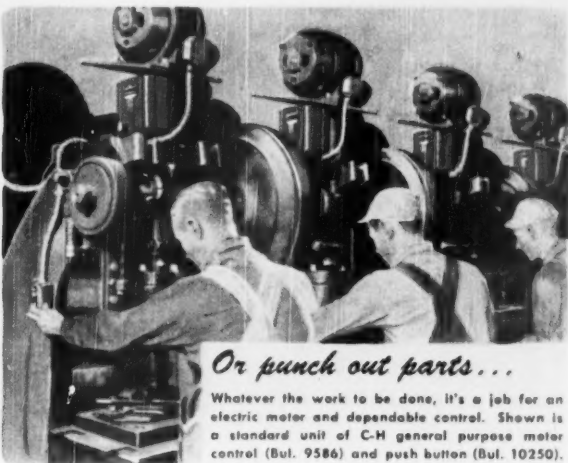
## To pulverize coal...

Electric motors directed by Cutler-Hammer control equipment do many jobs in modern power plants. Here shown is the control installation for one of two identical batteries of coal pulverizing machinery.



## Process sewage...

The modern sewage disposal plant is a model of quiet efficiency and impressive cleanliness, thanks to scores of busy but unseen electric motors. Here is shown a typical Cutler-Hammer main control board.



## Or punch out parts...

Whatever the work to be done, it's a job for an electric motor and dependable control. Shown is a standard unit of C-H general purpose motor control (Bul. 9586) and push button (Bul. 10250).

There may be a number of ways to skin a cat but there's no confusion as to the way to get industry's jobs done in a hurry without backbreaking toil and profit-eating waste. That *one* way is with electric motors. America's industrial establishments today employ more than *ten million* electric motors.

This fact in itself is impressive proof of the importance of motor control equipment. Each of those ten million motors was purchased and installed to provide a definite *needed* service. And obviously no electric motor can perform its assigned task properly and dependably without the direction

*Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, is featured as standard equipment by machinery builders, is carried in stock by recognized electrical wholesalers everywhere.*

and protection of adequate and dependable motor control.

For more than fifty years Cutler-Hammer engineering has recognized the vital need for *dependability* in motor control.

It has put such famous features as dust-safe contacts and eutectic element overload protection into even the smallest units of C-H Control to establish performance records that today make the name Cutler-Hammer the specified choice of engineers everywhere. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wis. Associate: Canadian Cutler Hammer, Ltd., Toronto.



# This underground "Railroad"



**Human pack mules once** transported coal underground in baskets strapped to their backs. Then came crude carts drawn by dogs, ponies or mules followed later by steam power and electric locomotives. But now progress and mining efficiency have taken another great stride forward with the installation by the G.T.M.—Goodyear Technical Man—of a spectacular single-flight conveyor belt in a West Virginia mine entry.

**This unique rubber railroad** is now moving all the coal produced along an underground entry 4,000 feet in length. Soon this entry will be driven another 2,000 feet and the belt will be extended by splicing—making it the longest single belt ever employed in underground mining operations. To get the picture, imagine a gigantic rubber band, 30 inches wide and nearly two and one-third miles in circumference, traveling around pulleys 6,000 feet apart—a good country mile from head to tail.

**Tonnage is the pay-off.** Today this great belt is operating at a speed of 350 feet per minute and delivering a

maximum 300 tons of coal per hour at the pit head. That is as much coal as many thousands of slaving bearers could have carried in the same time 150 years ago—yet one belt and a few operators now do all the hauling.

**Secret of this huge belt** is Goodyear's patented COMPASS cord conveyor belt construction. It is sinewed with a single plane of heavy rope cords that give it the extra strength required in long-distance, high-tension operation. It is much thinner than ply belts of equal capacity, hence troughs better and requires smaller terminal pulleys making a more compact installation.

# sets a new Mining Record!



How much could a belt save you? If you handle large tonnage of bulk materials—coal, ore, rock or sand—it will pay you to consult the G.T.M. He can demonstrate lower haulage costs in high-tonnage operations over any distance from one mile to a hundred—by belt. Just write: Goodyear, Akron 16, Ohio.

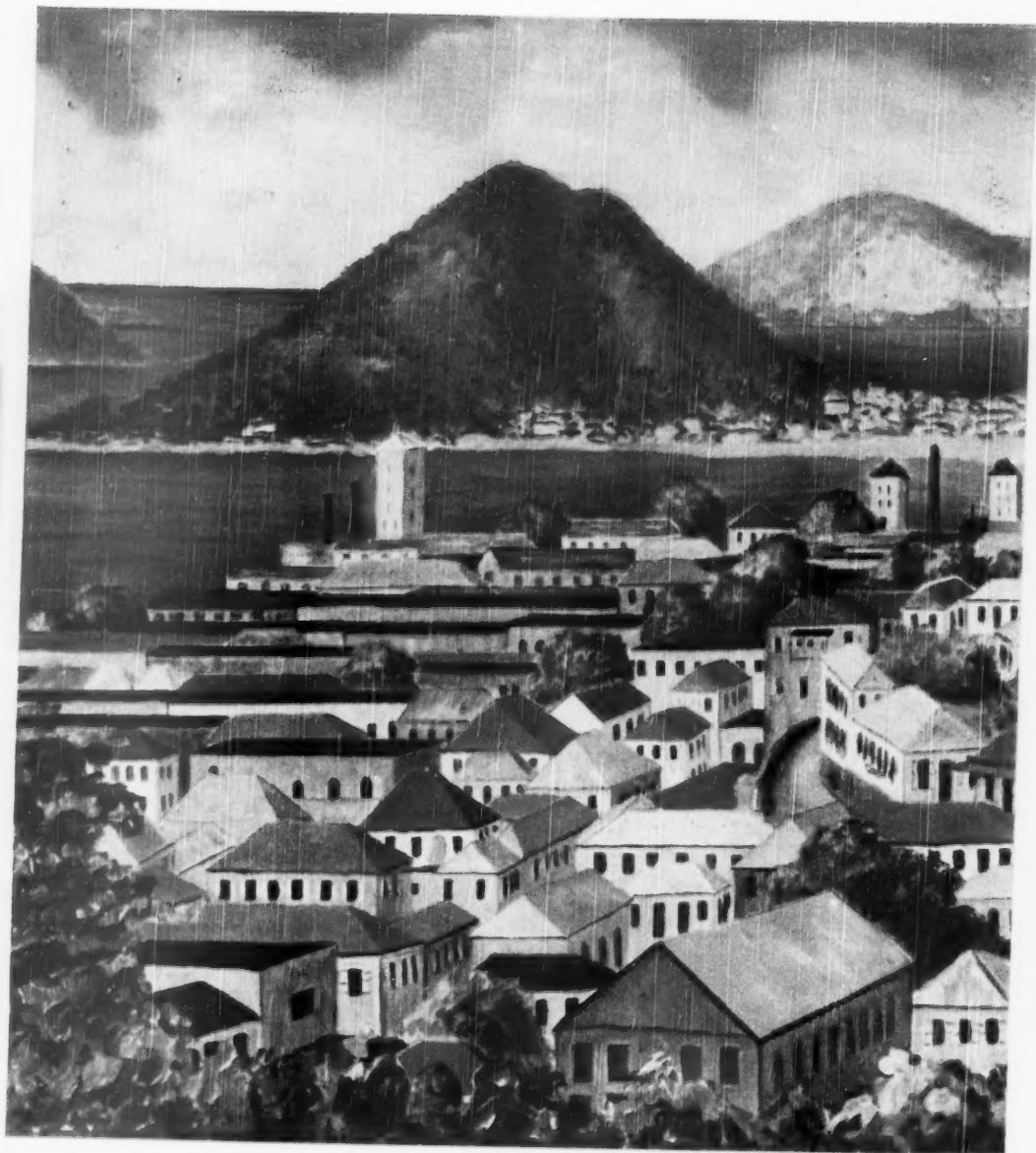
Consult: G.T.M.  
The Goodyear Tire &  
Rubber Company  
Akron, Ohio.



# GOOD YEAR

THE GREATEST NAME IN RUBBER





Artist — Aubrey C. Offley, native of the Virgin Islands

VIRGIN ISLANDS -- annual exports-imports: \$11 million — much in packages.

CONTAINER CORPORATION OF AMERICA



## READERS REPORT:

### What Auto Price Do You Pay?

Sirs:

In your article, "What Do You Have To Pay for a Four-Door Sedan?" [BW—Jan. 14 '50, p. 22], you state: "federal taxes—about 8% of the factory list."

The Federal Excise Tax law states that this tax represents 7% of the manufacturer's cost of the car. What does your 8% represent?

J. O. BARNES

SECRETARY-TREASURER,  
PANAMA AUTOMOBILE CLUB,  
BALBOA HEIGHTS, C. Z.

• We should have said, "about 5% of the factory list." The federal excise tax is 7% of the wholesale price of a car. Normally, the markup for dealer profit is about 25% of the retail price, that is, about one-third of the wholesale price. In an actual example, a car might wholesale to the dealer at \$1,500. The retail price, then, would be about \$2,000. The federal excise tax would be calculated at 7% of \$1,500 or \$105. The factory list price, on that basis, would be \$2,000 and the factory delivered price about \$2,105.

### Shipbuilding on Bottom

Sirs:

From your report "Shipbuilding Hits Bottom" [BW—Apr. 8 '50, p. 24], it appears that the world's businessmen are intelligent enough to have their ships built by the low-cost builders. You state that British, Swedish, and Norwegian shipbuilders are "getting the contracts" and that foreign costs are about 40% of American costs. It seems that the present outrageous subsidy of 50% which we now pay to domestic builders will not enable them to compete. I am delighted that our European allies are building the ships and thereby decreasing their dependence on the U. S. Treasury.

You report that our builders, operators, suppliers and shipbuilders unions are considering organizing into a single pressure group to exact more money from the Treasury. If American businessmen favor this kind of financial brigandage, it will be all too evident that they do not understand the free enterprise system and are unwilling to accept the competitive principle on which that system is based.

GLENN E. HOOVER

MILLS COLLEGE,  
OAKLAND, CALIF.

Sirs:

Your article "Shipbuilding Hits Bottom" [BW—Apr. 8 '50, p. 24] was ex-



IT HAPPENED IN WICHITA, KANSAS. Groceryman Fowler warded off a roach invasion, because one of Pennsalt's chemicals, Knox-Out Insect Spray, quickly won a decisive victory.

## Mr. Roach met his Waterloo in Wichita

He's an ugly, nasty pest—the cockroach. Eats almost anything, from cabbage to book covers. This bug is dirty. He spreads disease. From every point of view, he's undesirable.

One place where roaches cannot be tolerated is in the vicinity of food. Yet sometimes they seem immune to every weapon brought against them. Not long ago, they turned up in Chick Fowler & Son Grocery store in Wichita, Kansas.

Mr. Fowler desperately tried several insecticides. But none had very much effect. The ugly bugs were multiplying fast—defying control. Then Mr. Fowler started using Pennsalt's Knox-Out® Insect Spray...

Within a few hours the roaches were on the run! And they didn't come back—because Knox-Out delivers a lethal punch... is made by pioneers in the development of DDT. The fact is, Mr. Fowler hasn't seen a roach since. Doesn't intend to, either... keeps Knox-Out handy!

Wichita home owners, too, are protected from flies and other household

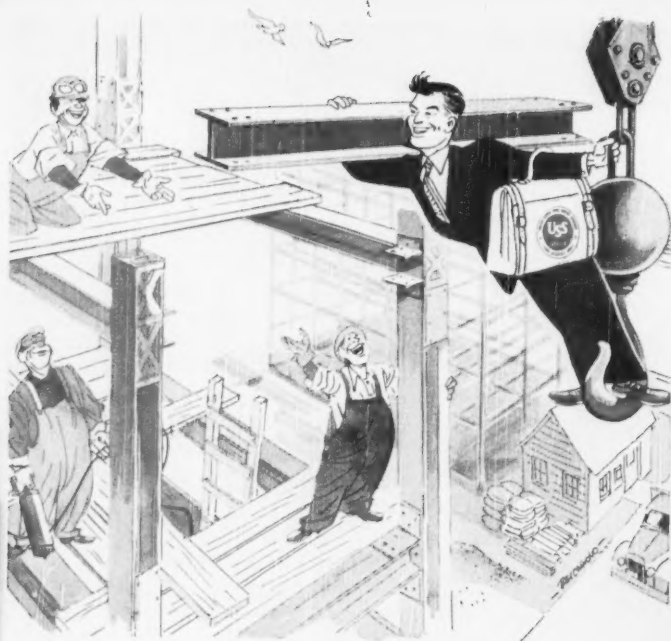
pests by Knox-Out Insect Spray and other Knox-Out Insecticides. In stores, in homes, and on farms all over the country, Pennsalt insecticides are cutting down the annoyance and destruction of insect pests. This is typical of how Pennsalt chemicals—in their many and varied applications—make life pleasanter and healthier for all.

The doors are wide open to the store of knowledge that Pennsalt has built in the past 100 years. Pennsalt research and development work has been responsible for many improvements in such products as metal cleaners, acid-proof cements, dairy cleansers and sanitizers, household and farm products, water purifiers, laundry compounds, fluorides, acids, ammonia, chlorine, and caustic soda.

We would like to apply our ingenuity and experience to your particular problem. Write to: Pennsylvania Salt Manufacturing Company, 1000 Widener Building, Philadelphia 7, Pa.



PROGRESSIVE CHEMISTRY FOR A CENTURY



## "Service when you want it!" ...that's only one of the things we mean by **Service Plus!**

● Once in a while, a customer finds himself short of an essential piece of steel or equipment. That means delay, perhaps layoffs, if the item is not delivered immediately. And that is when *Service Plus* gets a severe test.

We're glad we have passed these important tests. Some customers have commented: "I like your prompt service." "You have fast and competent service." We hope our customers never find reason to change these opinions.

*Service Plus* means more than speed. It also means we have in stock a wide range of steels in a variety of shapes and sizes, and we are ready to give courteous, efficient attention to your particular steel supply problem.

BARS • PLATES • FLOOR PLATE • STRUCTURALS • SHEETS • STRIP  
REINFORCING BARS • STAINLESS • ALLOY STEELS • ALUMINUM  
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WITH US, YOU GET  
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TOLEDO • TULSA • YOUNGSTOWN  
Headquarters Offices: 208 S. La Salle St.—Chicago 4, Ill.

UNITED STATES STEEL

tremely interesting, but your reference to The Pusey & Jones Corp., Wilmington, Del., "They're sticking to the manufacture of rayon-and-paper-making machines" is not entirely correct.

The Pusey & Jones Corp. does not manufacture rayon machines. We have been manufacturing paper-making machines since 1867. It has been and still is the leading interest of this industrial organization.

LEROY A. GRETNUM  
VICE-PRESIDENT & GENERAL MANAGER,  
THE PUSEY & JONES CORP.,  
WILMINGTON, DEL.



Director Sampson and distinguished guest, Gen. Omar Bradley, discuss 4-I program.

### Big Man, Little Man

Sirs:

Congratulations on your splendid reporting of the Industrial Information Institute's program in the Mahoning Valley story, "How Industry Sells Itself to Its Hometown" [BW—Apr. 29 '50, p58].

I would like to point out that you were a little bit literal in your captions.

It is true that 4-I president, William Sampson, represents the small business men and that R. B. Collins, as director, is the institute's big front man.

However, you have identified the 295-lb. Mr. Sampson as the 140-lb. Mr. Collins. Actually, Mr. Sampson is one of the biggest small business men and Mr. Collins is one of the smallest big directors.

And—Greetings from Youngstown, Ohio!

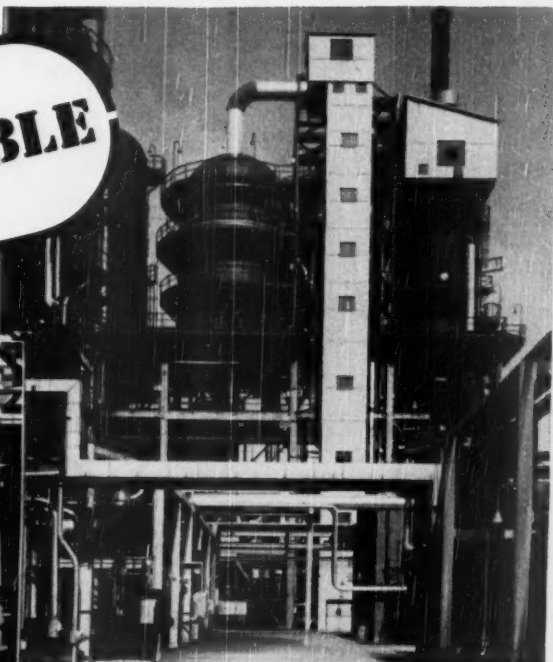
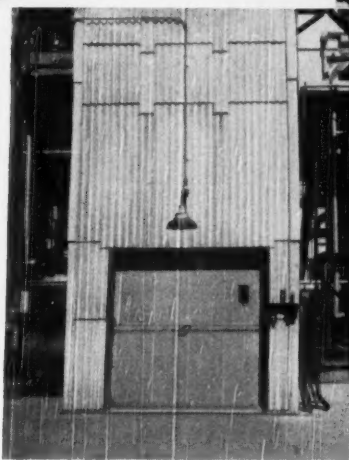
T. A. STRATFORD  
GENERAL ELECTRIC CO.,  
NELA PARK,  
CLEVELAND, OHIO

Sirs:

When you and your associates were in Youngstown on Feb. 15th, we were

# K&M "Century" ASBESTOS CORRUGATED WALLS

**NOT PERISHABLE**



Mid-Continent Petroleum Corporation Refinery, West Tulsa, Oklahoma.

Elevator Tower and Penthouse protected by K&M "Century" Asbestos Corrugated, applied with "TOP-SIDE"® Fasteners.

Industrial and commercial building walls need a rugged constitution. That's exactly why K&M "Century" Asbestos Corrugated walls are bound to be an economy for you. They provide all the structural strength and staying power of the proved K&M Asbestos-Cement combination. They shed extremes of weather and other atmospheric threats, without even needing paint. They defy fire, rust, rot, rodents and termites. You can plainly add it all up to long-term freedom from maintenance.

Initial savings are just as plain, for K&M "Century" Asbestos Corrugated goes up fast, no special work needed. Fitting is easy with ordinary cutting and drilling tools. Even scaffolds and extra labor can be eliminated by using "TOP-SIDE"® fasteners. They're made so that K&M Corrugated can be anchored to steel members of any type, on sides or roofs. You'll have protective enclosure—and cost figures—that keep on looking good.

Write for the name of your nearest K&M Distributor, and full data on K&M "Century" Asbestos Corrugated.

© H. & B. Enterprise Corp.

*Nature made Asbestos . . . Kearsby & Mattison has made it serve mankind since 1873*

**KEASBEY & MATTISON**  
COMPANY • AMBLER • PENNSYLVANIA



In Canada — ATLAS ASBESTOS CO., LTD., MONTREAL, TORONTO, WINNIPEG and VANCOUVER





## Air-Conditioned trips to Mars...50¢

Hundreds of "passengers" each performance take a quick swing around the solar system in one of America's great planetariums. And though the illusion of outdoors is perfect, heat and ventilation in the crowded auditorium became a pestiferous problem.

So Trane equipment was brought into the picture.

Now starry-eyed audiences view the sweep of the heavens (as projected by the composite stereopticon shown above) in fresh, out-doorsy coolness. The Trane air-conditioning system cools, removes excess humidity, and provides outside ventilation.

Your air-conditioning problem may not be astronomical. But, whatever it is, remember that Trane knows air. How to warm it, cool it, clean it, move it, dry it or humidify it. Your local Trane representative will gladly work with your own architect, engineer, or contractor.

**Heat for big buildings or modern homes.** There's a better way to heat any size structure—with Trane Convectors. Quick-heating, space-saving convectors team up with any steam or hot water system, to provide better heat distribution and more comfort at low cost.

THE TRANE COMPANY, LA CROSSE, WISCONSIN  
EASTERN MFG. DIVISION SCRANTON, PA.  
TRANE COMPANY OF CANADA, LTD. TORONTO



MANUFACTURING ENGINEERS OF HEATING AND AIR CONDITIONING EQUIPMENT • OFFICES IN 80 CITIES

under the impression that all of your people knew that they were in Youngstown, Ohio, for I believe that in Mr. Purnell's talk at the dinner he mentioned Youngstown, Ohio, on several occasions. If you will turn to page 88, of the Apr. 29th issue of BUSINESS WEEK, you will understand just what is in my mind, for the picture showing the classroom study of special texts indicates that the Industrial Information Institute is located at Youngstown, Pa., even though the picture of the Kiwanis Club's Banner shows Youngstown, Ohio.

W. E. WATSON

VICE-PRESIDENT,  
THE YOUNGSTOWN SHEET & TUBE CO.,  
YOUNGSTOWN, OHIO

• Youngstown and its big and little businessmen seem to have a truly intoxicating effect on BUSINESS WEEK reporters.

## Case of the Two Professors

Sirs:

Under "Small Business' Man" [BW—Apr. 29 '50, p92], you have a cut and news note about Professor Myles L. Mace, the new chairman of the Small Business Advisory Committee of the Dept. of Commerce. Under the cut, however, you have named John Beukema as the man.

RICHARD W. BLOHM

CAMBRIDGE, MASS.

## Coal Commission

Sirs:

Referring to your editorial, "We Need a Coal Commission—Right Now" [BW—Apr. 15 '50, p136], I would like to make the following comments:

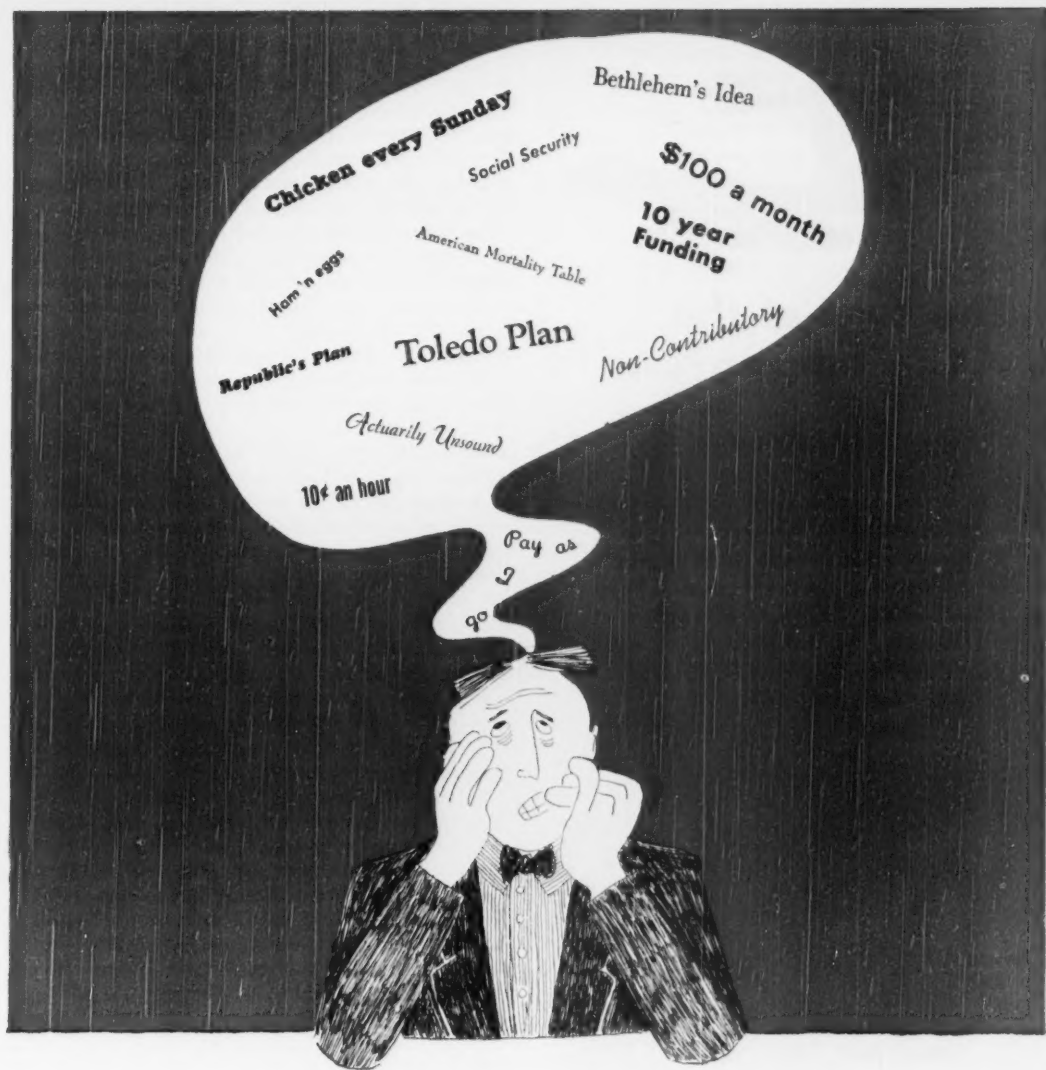
You are unquestionably correct in your statement that coal is a basic industry and that the country cannot get along without it. It does not follow that there is any necessity for the appointment of a governmental commission to investigate the coal industry to make clear to all that coal is indispensable, to suggest ways to keep the coal industry going, and to consider every possible device to stabilize this basic industry. The coal industry has been investigated.

The fact is that no consumer of coal has ever lacked for a full supply in the last 50 years except as a result of strikes. The industry has always maintained a capacity adequate to meet the peak demand. The industry is now suffering from the same disease which afflicts all industry in this country, namely, labor monopoly.

JAMES D. FRANCIS

CHAIRMAN BOARD OF DIRECTORS,  
ISLAND CREEK COAL CO.,  
HUNTINGTON, W. VA.





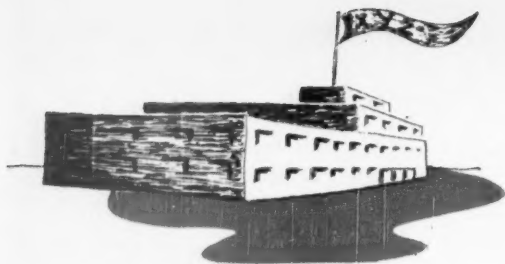
BUSINESS WEEK REPORTS TO EXECUTIVES ON

# Pensions

## What They Mean to Management

The hottest bargaining issue between labor and management in 1950 is pensions. It is also such a highly complex issue that only months of research can give anyone a thorough understanding of the problem. Few executives have that kind of time to give.

One man who has put in the time is Carroll Boyce, author of the new book, "How to Plan Pensions" (McGraw-Hill Book Co.). BUSINESS WEEK asked him to prepare this report (next seven pages) as a guide for executives facing the pension problem.



## The case of the XYZ Company...

The whole XYZ Company is far from typical—because everything about it fits into a neat, exact pattern. Things are not so black and white in any real company; if they were, the pension problem would be a lot easier. Yet every unusual thing about the XYZ Co. is only an extreme of the things every other company must face. For example: The XYZ Co. has exactly 50 employees, and...



Each is a different age. The youngest is 21, the next youngest 22, and so on right up to the age of 70. None of these employees will die while working, none will get fired or quit.

XYZ's pension plan calls for compulsory retirement at 65. The day it goes

BUSINESS WEEK REPORTS TO EXECUTIVES ON

## PENSIONS

**B**ENJAMIN FRANKLIN is said to have remarked: "Nothing is certain except death and taxes."

In the sense that both are inevitable, that statement is as true in 1950 as it was in Franklin's day. Yet in another sense, the statement is completely false.

For it is the very uncertainty of death and taxes today that has blocked the solution of the pension problem.

Here's why: Three factors ultimately determine pension costs. Two of these factors are death and taxes—how long people can be expected to live, and what is going to be taxed and how much. The third factor is greatly influenced by taxes: how much interest you can expect money to earn.

Nobody can predict accurately any of these things. Actuaries, men who spend their lives studying the trends of birth and death, cannot agree on how long a man is likely to live. Tax experts don't know how high taxes will go, or how they will affect money put aside for pensions. (For example: If a pension plan meets certain very strict conditions, the entire cost to an employer may be tax deductible. But if at a later date the employer fails to continue to meet those conditions, he can be taxed retroactively.)

Because of the tax situation, interest rates are getting more uncertain all the time. To pensions, that fact is of great importance for this reason: A 1% difference in interest rates can make a 20% to 25% difference in the total cost of a funded (insured) pension. And these days, the cost is almost sure to be more, because interest rates appear to be continuing downward.

So the three most important factors behind the pension question are filled with doubt and uncertainty. And like anything unknown, they have cast a black cloud of fear over the union drives for pensions.

This cloud of fear is divided into seven parts: (1) fear for companies' existence, (2) fear of national bankruptcy, (3) fear of depression, (4) fear of a collapse of the nation's investment markets, (5) fear of union domination of industry, (6) fear of freezing workers to their jobs, and (7) fear of social change.

To what extent are these fears justified, and to what extent are they jousting with windmills?

### Fear for Companies' Existence

Pensions are an expensive business. Based on life expectancy, a pension of \$100 a month (exclusive of social security) beginning at age 65 costs about \$15,000 per person. Pensions have to be paid even in years when the company has little or no profit. So, many businessmen are thinking: "I can afford the payments now, but what if I have a couple of bad years? Do I just quietly go out of business?"

Such a prospect is extremely unlikely. The reason is that, within certain limits, you can anticipate pension payments by setting aside larger amounts than are

really necessary in good years. You do this by funding your pension, either through a trust fund or through an insurance company.

There are two ways to look at funding. You can say it represents setting aside money out of current income to pay future pensions right now.

Or you can say it represents a reserve out of which pensions can be paid in lean years, or after the company goes out of business. By getting prior approval of the Treasury Department, you can fall back on this reserve in bad years—but keep in mind that unless you end the plan you will have to pay back, with interest, any money taken out of the reserve.

People who favor funding (or insuring) of pensions sometimes overlook one point: The fund or insurance reserve means higher costs in the early years of a plan. But it also means greater flexibility and lower costs (because of the effect of compounding interest) in later years. The table on page 77 shows the relative costs of various types of funding arrangements, both for early years and on a long-term basis. The pension that's cheapest at first turns out to be most expensive in the long run.

### Fear of National Bankruptcy

Pensions of \$100 a month for everyone over 65 would probably cost between 5% and 7% of total payroll—assuming two things: (1) that total payrolls stay at their present level; and (2) that the proportion of our population over 65 stays at its present level. Actually, neither of those things is going to happen.

Payrolls are going to increase. The question is whether the increase will be inflationary, or whether it will result from a distribution of the fruits of increased productivity.

If it's inflationary, the percentage cost of \$10 a month will drop sharply—and \$100 a month will become too small to be meaningful. If the increase comes from a steady improvement in productivity, the percentage cost will drop slowly and modestly. But in this latter case, each dollar of pension paid out will keep its purchasing power.

The proportion of oldsters is going to increase. Today, there is 1 person over 65 for every 7½ younger persons; in the year 2000, the ratio will be 1 to every 4½. If pensions are handled on a pay-as-you-go basis, that means a relatively higher charge against each person working. However, if pensions are funded as they are currently earned, the percentage charge against payroll will remain constant.

One point needs to be emphasized in connection with the impact of future mortality rates: Although the average life span of Americans is increasing, life expectancy of people after 65 has increased relatively little. If the present research on such ailments of old-age as cancer and heart disease is successful, then life expectancy after 65 may increase markedly—and pension costs will go right through the ceiling.

Some people, taking a pessimistic view of the future, see in all this a threat of national bankruptcy. The

into effect, the six men aged 65 through 70 will retire, and six new men will be hired.

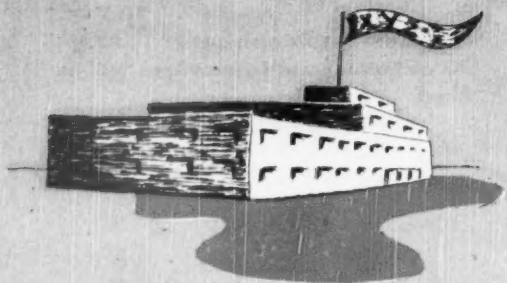


The day he reaches 65, each employee leaves the company with a pension of \$100 a month—with no deduction for social security. He will live for 15 years, and then...



On his eightieth birthday he will die and—of course—his pension will end.

How should XYZ set up its plan? For the seven main choices it has, see page 74.



## **For XYZ Company . . . Seven different ways to fund a pension**

### **4. 20-Year Funding.**

Accrued liability is computed as it is in the frozen-liability method. This amount is paid into the fund in equal annual installments over a period of as much as 30 or 40 years. For the first 20 years, there is an increasing partial reserve; after 20 years, a full reserve.

### **1. Pay As You Go.**

The company has no reserve, meets pension costs directly out-of-pocket, pays pensions directly to employees as they come due. Plan's initial cost lower than any.

### **5. 10-Year Funding.**

Same as 20-year funding, except that accrued liability is paid into the fund in 10 equal annual installments. The company also pays into the fund each year the "normal entry" age cost. Increasing partial reserve for 10 years; after 10 years, full reserve.

economy, so the argument goes, will not be able to support this additional charge on production.

That argument might well stand up if every company were going to install a pension plan in 1950. But that is not going to happen. As a matter of fact, once the basic industries get their pension price increases out of the way, we will probably never be conscious of any further price increases or economic strains as a result of pensions. The reason is simple: General productivity gains should more than offset the scattered pension costs that will come later.

That is not to say that "productivity increases" will pay for pensions; no matter how much productivity increases, the consumer will still pay the bill. Price reductions that the consumer would normally get will go for pensions. But whichever pocket you take it from, it's still the consumer's pocket. And the old people

would be supported out of current production some way—pensions or no. Pensions are a load spreader.

### **Fear of Depression**

A clock runs at the same speed through inflation or deflation; people reach 65 every year whether times are good or bad. So pension payments will stay up, depression or no.

Yet the number of hours worked will drop off—because of shorter weeks and layoffs. That means that pension costs per hour will rise. If you cut your work force 50%, cost of pensions—in cents per hour—will double. The saving in pensions—if any—that results from the layoff will come years later.

If wages fall, pension costs as a percent of payroll will rise. So another depression like the 30's, with short weeks, and low wages, could make pension costs unbearable.

## 2. Frozen Liability.

The company has a partial reserve. This is built up by computing actuarially the present value of past service credit on the basis of an assumed retirement date. Then the company pays into the fund each year an amount equal to the assumed interest on this accrued liability. In addition, it puts in an amount, determined actuarially, which would be necessary for full reserve funding if each employee joined the company at an assumed "normal entry" age.

## 6. Bethlehem Plan.

Computation is the same as in Republic Plan. Difference is that the company pays in the full amount on the date that the employee retires. No reserve prior to retirement; full reserve afterwards.

## 3. Republic Plan.

Total cost of each pension is estimated on an actuarial basis the day the employee retires. The company pays an actuarially determined amount into its fund in five equal annual installments following retirement. There is no reserve prior to retirement; there is a partial reserve afterwards.

## 7. Individual Straight Line.

Cost of each employee's pension on an assumed retirement date is computed actuarially. Amount to be paid each year until retirement is determined by assuming an interest rate. The total amount paid to the fund each year is the sum of the amounts due for each employee. Increasing partial reserve to retirement date for present employees; full reserve after retirement for all; full reserve at all times for employees joining company after plan is established. Highest initial cost.

Those who see such troubles ahead are assuming that pension costs will be met on a pay-as-you-go basis. It's true that many companies are putting pensions on this basis. And they may find themselves in just such troubles.

But where pensions are put on a current (fully funded) basis, such dangers are minimized, if not wiped out. In that case, the employer's cost is directly proportionate to the number of hours currently worked. And if the pension is related to income (instead of being a flat sum), the cost will also be proportionate to the level of current wages. If the fund (or insurance reserve) is large enough, you can "pass" pension payments entirely in an occasional bad year.

Some economists take sharp issue with those who fear that pensions will drive us into another depression. The reasoning is this: People who would normally be

public charges or charity cases would, instead, be getting about half their annual wages from pensions and social security. So they would be self-supporting and maintain enough purchasing power to stabilize the economy.

Other economists agree that, in pure theory, this might be so. But they point to the fantastic sums needed for full funding of pensions for even half the workers.

### Fear of Market Collapse

It's the potential size of this fund that creates the fear of a collapse of the investment market.

You can get a quick estimate of that size by looking at American Telephone & Telegraph Co. With 600,000 employees, AT&T has a pension fund of close to \$1-billion. For the 60-million workers in the U.S., by the same scale, \$100-billion would be needed. But AT&T's



fund is based on a minimum pension of \$50 a month, half of which is social security. (With the minimum now raised to \$100 including all of social security, the fund will probably be increased.)

AT&T's fund is also "discounted for turnover." That is, on the basis of past performance, the company assumes that a certain percentage of employees will leave the company before retiring. No money is placed in the fund in anticipation of pensions for these employees. So \$100-billion would probably be too little to fund pensions of \$100 a month for 60-million workers.

At the other extreme, figure that every employee will stick with one employer. If the average worker is now 40 and has worked 20 years, the cost of funding the pensions for 60-million workers would be \$192-billion. (That assumes a 3% interest rate; at 2%, the cost would be about \$243-billion.)

Pension funds require safe investments. Many economists say that there are not enough investment opportunities for that amount of "pension money"—even over a 10-year period. Fully funded pensions for all workers might double the amount of new money flowing into the investment market each year.

This competition of dollars for safe investments would drive interest rates down. And as interest rates fell, the size of the pension fund necessary would grow larger. It could become a vicious circle.

However, the figures cited are for funding \$100 a month of private pension. At present benefit levels, including social security in the \$100 would reduce the amounts by about 40%. If pending legislation becomes law, the reduction might be 75%. But the amounts involved would still be tremendous.

There's another problem. In theory, once a pension is fully funded, it is never necessary to draw on the principal of the fund. Interest earned by the fund plus current contributions to the fund will be equal to actual pension payments.

Few pension funds are in that condition today; the reserve is relatively small compared to current income. As a result, at least part of the fund must be kept liquid. That puts a further restriction on the type of securities in which funds may be invested. And the cost of liquidity is generally lower return.

About the only exceptions to the need for high liquidity are the plans funded through insurance companies. The tremendous portfolio of the insurance company means that only a small proportion need be liquid in order to provide a high degree of protection.

Right now, there seems to be only one solution to the investment problem: Relax the restrictions which prevent trust and insurance companies from investing more than a small percentage of reserves in equities. Proponents of this solution cite these advantages:

(1) The average rate of return on equities is far higher than on government obligations or gilt-edge corporate bonds.

(2) Availability of more equity capital would stimulate new enterprises and expansion of existing enterprises.

(3) Investment of pension money in equities would, indirectly at least, "broaden the base" of the ownership of American industry and give more people a stake in the success of the private enterprise system.

Against these are three disadvantages:

(1) Equities are relatively high-risk investments. Unless the choice of equities were limited to blue chips, the greater average rate of return would probably not offset possible losses. And there aren't enough blue chips to go around.

(2) Insurance companies (and to a lesser extent, trust companies) might be subject to public criticism that they were trying to buy up voting control of industry.

(3) Valuation of holdings would get tougher as the proportion of equities in the portfolio rose. Where equities represent 5% of a portfolio, a difference of 10% or even 20% between book and market value may not be too important. But if 50% of the portfolio were in equities, the variation might force a major liquidation of holdings under unfavorable circumstances.

How this dilemma in the investment market will be resolved is anybody's guess. But while the insurance business is worried about charges of attempts to dominate industry, the average executive sees more justification for a bigger worry.

### Fear of Union Domination

CIO unions in general, and the UAW in particular, have insisted on so-called self-administered or trusted pension funds. Where possible, they have also demanded joint administration of pension plans.

But many industrialists see in joint administration of plans a first step toward joint administration of funds—for which unions have dropped outright demands. A jointly administered plan or fund, they say, soon becomes a union administered plan or fund. With \$100-billion or more in pension funds, so the argument goes, unions could invest in equities and thereby get control of American industry.

It is true that unions could buy a voice in many companies. But their chances of getting a majority, or even working control, in more than a handful of companies are pretty slim.

The more direct and more immediate result of joint administration may be to give unions a vested interest in the bargaining unit. A particular union might be in a position to determine pension eligibility. That could be enough to make employees hesitate to vote to replace or decertify the union—even if they didn't like the union or its leadership.

The current battle between the UE and the IUE points up the difficulty that can arise in joint administration. Say UE is joint administrator under a five-year pension clause. At the end of a year, IUE wins an election. Unless this was provided for when the contract was written, the employer might find himself dealing with UE on pensions and IUE on all other matters. The employees would be squeezed in the middle.

The squeeze on employees is one notch tighter, of course, when pension benefits are limited to members

of the union. Many of the new pension contracts avoid this by simply guaranteeing to union members a plan which covers all employees.

### Fear of Freezing Workers

However worried employers may be about pensions giving unions greater power, they fear more that they will freeze workers to jobs. Management rightly fears

that pensions will result in demands for much tighter seniority clauses. Beyond that, layoffs or discharges of a worker's approaching retirement become more difficult. Even if no outside pressure is brought to bear, a supervisor will hesitate to discipline a worker if there is any chance he will jeopardize the man's pension rights.

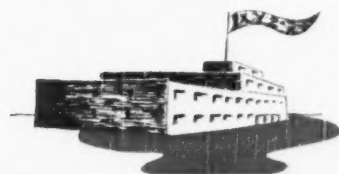
Employers fear, too, that workers approaching retirement will lie down on the job; employees may figure

	1	2	3	4	5	6	7
Years	Pay As You Go	Bethlehem Plan	Republic Plan	Frozen Liability	10-Year Funding	20-Year Funding	Individual Straight Line
1	\$ 7,200	\$80,000	\$17,900	\$17,800	\$44,600	\$28,900	\$135,000
2	8,400	15,000	20,800	17,800	44,600	28,900	45,200
3	9,600	15,000	23,600	17,800	44,600	28,900	37,900
4	10,800	15,000	26,300	17,800	44,600	28,900	33,300
5	12,000	15,000	28,900	17,800	44,600	28,900	29,900
6	13,200	15,000	15,900	17,800	44,600	28,900	27,100
7	14,400	15,000	15,900	17,800	44,600	28,900	24,700
8	15,600	15,000	15,900	17,800	44,600	28,900	22,900
9	16,800	15,800	15,900	17,800	44,600	28,900	21,500
10	18,000	15,000	15,900	17,800	44,600	28,900	20,400
11-20	18,000	15,000	15,900	17,800	10,000	28,900	16,000 <sup>1</sup>
21-44	18,000	15,000	15,900	17,800	10,000	10,000	11,200 <sup>2</sup>
45	24,000	90,000	31,800	17,800	10,000	10,000	10,000
46-49	24,000	15,000	31,800	17,800	10,000	10,000	10,000
50-59	24,000	15,000	15,900	17,800	10,000	10,000	10,000
60-89	18,000	15,000	15,900	17,800	10,000	10,000	10,000
90	24,000	90,000	31,800	17,800	10,000	10,000	10,000
91-94	24,000	15,000	31,800	17,800	10,000	10,000	10,000
95-104	24,000	15,000	15,900	17,800	10,000	10,000	10,000
25-Year Total	396,000	440,000	435,500	445,000	596,000	628,000	614,000
50-Year Total	982,000	890,000	912,400	890,000	846,000	878,000	943,000
100-Year Total	2,002,000	1,715,000	1,786,900	1,780,000	1,346,000	1,378,000	1,443,000

<sup>1</sup> Average for years 11-20  
<sup>2</sup> Average for years 21-44

©BUSINESS WEEK

### The XYZ Company's Plans: The cheapest at first is the costliest in the end . . .



**WHICH PLAN IS CHEAPEST?** The answer depends to a large extent on the length of time each is in effect. Note that Plan No. 1 costs the least at the beginning and for the first few years. But by the 50th year, the total amount of money put into it

is greater than that in any other plan. And it continues to be the most expensive. Plan No. 7, on the other hand, is the most expensive to begin with, but winds up being the third least expensive. Also, payments vary according to the particular plan. For example, in Plan No. 2 annual payments are the same (except for the first one) up through the 44th year. Then in the 45th year, the payment increases to six times what it has been. The only plan that has a constant payment from start to finish is Plan No. 4.

they no longer have to keep on producing to keep their jobs. But companies that have had pension plans for years insist that they have brought no noticeable drop in production. On the contrary, say many of these companies, the biggest advantage of a pension plan is that it provides a "natural exit" for workers whose age has begun to lower their level of efficiency.

Nevertheless, employees who become dissatisfied will not quit as they have in the past. If another five or 10 years will mean a pension, they won't be likely to forfeit it by changing to another job. And, a disgruntled employee is not likely to be an efficient employee.

Economists and industrialists who take a broad view of the picture thus see a possibility that pensions will tend to freeze workers to their jobs. The result of such a freeze could well be a mental and physical stagnation of the labor force—a damper on the exchange of worker skills and know-how which has kept productivity constantly on the rise. Moreover, with skilled labor frozen in existing companies, the chances against the successful formation of new companies would skyrocket.

Unemployed workers, too—especially those over 40—may be frozen out of jobs. If companies are required to pay pensions to all who reach 65, there will be a tendency to exclude older men from new hires. (Reason: fewer years in which to build the pension reserves, higher pension costs per year.) Yet thousands of men over 40 are thrown out of work each year by the failure of over a quarter-million enterprises. Thousands more quit, are laid off, or are fired by continuing companies.

Some employers (mostly with contributory pension plans) have offered a partial solution—by vesting the pension. That is, let the employee keep the pension credit he has built up even after he leaves the company. Through a deferred annuity, the pension starts at normal retirement date. The pension consists of whatever amount his and his employer's contributions have bought up to the time he leaves the company.

This is only a partial solution because there is almost always a waiting period before vesting takes place. This is seldom less than 10 years, often as long as 20.

Also, employers have shied away from vesting because of its high cost. Depending on the turnover rate, full and immediate vesting could increase the cost of a nonvested plan by 25% to 250%. Because it might scare off employers, unions have not made any serious attempt to get vesting provisions in "first round" pension contracts. But full vesting is a firm, long-term union pension objective.

One of the first union attempts to get a long-range type of vesting is found in the so-called Toledo plan. The UAW in Toledo would set up a single plan and single fund for all UAW members working for 125 employers in the area. So long as the member stayed in UAW and worked for one of these employers, he would continue to accumulate pension credit. CIO officials admit privately that even if the area concept can be sold in Toledo, a one-union area, it will be tough to sell it elsewhere. And so far, even Toledo isn't buying. This compromise may come out of renegotiation of

present plans: employee vesting after a reasonably short time (about five or 10 years) in return for modest employee contributions (about 2%).

## Fear of Social Change

But in the long run, only the government, so it is argued, can solve the problem of "transferable" pensions. Advocates of a single government pension point out, too, that only the government could assure a uniform pension based on all employment. (For example, the employee at Company A gets \$100 a month including social security; at Company B, he gets \$68 plus social security; at Company C, he gets 1% of total earnings.)

Other people say a single federal pension is unnecessary, but argue that the government will have to establish rigid controls to make pension plans "compatible."

A third group—by far the largest among management—sees in either a single federal pension or in increased federal control over pensions the developing pattern of an all-powerful "welfare state." They say that if we let ourselves move, or be moved in this direction, people will come to be completely dependent on Uncle Sam.

Who's right?

At this stage of the game, it's impossible to say. And that's because the whole pension problem is tied up in emotional knots. The part that government should play probably involves more conflicting emotions—both political and social—than any other aspect.

One thing seems certain: to pretend these emotional involvements do not exist will only complicate the problem. They do exist. They must be dealt with. And the only basis on which you can deal with them satisfactorily is an emotional basis.

A century and a half ago, the worker found security in his land and family. The industrialization and urbanization of our society have deprived the worker of that security; now he must seek his security in other forms. At the moment, the demand is for pensions.

But the real problem is deeper. Management, for the first time, is faced with a broad social demand—the demand for security. Just what the worker really means by security is not clear, probably not even to himself.

The place to find out what the demand really is—and how best to satisfy it—is not at the bargaining table, but in the shops. There is still time to make that search. But if management does not use it wisely, the worker is likely to transfer his demands from the bargaining table to the ballot box.

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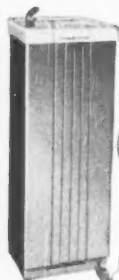
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## MARKETING



JUST TWO MODELS—that's what Emerson's Benjamin Abrams is making as . . .

## Spring Fever Hits TV Sales

Hot-weather doldrums start early this year. Manufacturers use price-cutting and special deals to move sets as the market fades away. New York hardest hit now.

Signs of a summer slump in TV sales are showing up again—earlier than in 1949. And with tell-tales of a soft market, the whole climate of cut-throat competition, special deals, and drastic price-cuts is starting to come back.

New York City, the oldest and most highly saturated TV area, is feeling the pinch worst, but Chicago and Philadelphia also have complaints. Some dealers say April sales dropped 50% from March. Other TV regions will probably be hit later and not so hard. But it looks as though few, if any, will slip by this summer without feeling something reminiscent of last year's sales dip (BW—Jul. 9 '49, p. 31).

• **Lines to Windward**—TV manufacturers aren't letting worries over weakening demand get them down. They still think they have a whirlwind by the tail—that they will run full blast all summer. Just the same they're casting about for ways to adjust to the temper of a new market.

Last week, Benjamin Abrams, president of Emerson Radio & Phonograph Corp., said his company was cutting down to only two TV models—both priced \$70 under comparable sets in its present line. Emerson's sales had slowed badly in several major markets. The company is counting on lower prices to get sets moving again.

One of the Emerson models, a 12½-in. tube table set, will retail at \$159.50; the other, a 16-in. console, will be priced at \$259.50. Both are new.

By concentrating production on just two models, Emerson figures it will be able to cut costs—and prices. The company also expects that the opening of its new Jersey City plant on May 15 will bring further cost savings.

• **Sales Bait**—Besides Emerson, other companies are reaching into the bait box for new lures.

• **Philco Distributors**, New York, recently offered two leather valises to any dealer who bought eight 12½-in. sets at



a clip; buying four at a time of one model earns the dealer a \$50 bond.

- Motorola's New York distributor is handing out "push money" to dealers on its 12½-in. consolette. With every sale, the salesman or the store gets a \$10 premium, depending on store policy.

- Bendix recently offered a flock of 16-in. consolettes to a Philadelphia house-to-house sales organization to sell at \$179. Regularly, the dealer cost on this model is about \$170. It's a safe bet the Philadelphia sales group got a bargain.

- Macy's, New York, lopped \$20 to \$30 off the prices of some of the lower-priced TV models carrying Macy's brand name. And it went way, way down on a combination radio-television-phonograph, advertised originally at \$795. Macy's offered it for \$399.

- Cooperative advertising is back again in Chicago. It has shown up the same way it did in the last slump period.

- Private-brand manufacturers have approached several department store chains, offering to supply them with sets at cost in order to keep their lines running and their labor force intact.

- "Deals" involving downward revision of dealer costs on standard merchandise are cropping up. Last week, one large buying chain was offered a standard-brand line of three sets to retail at a markup of 40% to 45%, as against the usual 26% to 28%. What's more, a 16-in. table model was thrown in at a dealer cost of \$140.

Olympic Radio & Television made a similar offering to its dealers this week. The company cut dealer prices from 10% on its low-end models to 17% on the more expensive sets. Retail list prices remain unchanged—but you've got to be pretty naïve to think retailers won't cut prices to overcome the current slump in buying interest.

- **Clearance Month**—Another soft-market result: May has become "clearance month" for TV retailers. Dealers don't want to get caught with big inventories when manufacturers start slashing prices.

Right now, many stores are still geared to big TV volume. And retailers want to get rid of stocks before the June home furnishings shows, when lots of new models—with new, lower prices—will make their bow. Emerson, by jumping the gun with lower-priced sets, has underlined the urgency for a cleaning out.

A general scale-down in manufacturers' list prices has been forecast in the trade for some time. In April, the trade thought that price levels might drop 10% or 15%. Now price-drop predictions run about 15% or 25%.

This time, lower lists are going to put the squeeze on the smaller manufacturers. Up to now, they have made a practice of waiting until the big fel-



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### "This man knows how to work"

"Joe Martin had called on me several times asking for some of our business. Today I called on him to see what sort of an outfit he had. I was impressed. His office had an air of quiet efficiency. It was pleasant to look at too. This man knows how to work—how to get things done," I thought.

Joe's office helped him make a sale that day—it will help him many more times because, like a well made suit, it shows Joe at his best.

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lows set prices, then pricing their own lines below the major makers. But at the low level of prices predicted for summer, it's doubtful that the smaller manufacturers will be able to set prices low enough to maintain their selling strength.

• **Quality Cut?**—The small producers could cut quality, of course, to beat their competitors on price. Even that, though, isn't a sure answer—lots of the big fellows are cutting quality, too. It is a recognized fact in the trade that the 1950 models are generally cheaper in construction than the 1949 sets. But manufacturers know that they can't continue to cut quality without multiplying service complaints and giving the industry a bad name.

• **No Chassis Change?**—There's another way to pare production costs—without hurting quality. If set makers wanted to, they could "rationalize the chassis"—that is, redesign and simplify the set's inner workings in the light of experience and new developments. That way, they could do the same job with easier circuits and fewer parts. Instead, however, many manufacturers have chosen to cut production costs by using cheaper parts on the same old circuits. They're saving the new-chassis work for later on.

• **Contradiction?**—There's a curious contradiction in the manufacturing situation—to the woe of the smaller set makers. Although the distribution pipelines for TV sets are getting clogged, there is still an intense shortage of manufacturing parts and components. Receiving tubes, cabinets, transformers, condensers, etc., are all tight, with delivery on some quoted at 30 to 40 weeks. Some producers, in fact, will not accept orders for components from customers unless they have previous purchase records.

The chief reason for this is that the larger set manufacturers began stockpiling parts months ago in anticipation of an unprecedented demand this year. Many of them made advance commitments to carry through January, 1951. But many of the little fellows couldn't afford to stockpile, so they are pinched for parts now.

• **The Freeze?**—Another factor that is intensifying competition in the TV industry is the FCC freeze (BW—May 6 '50, p.50). By limiting the number of TV stations, the freeze has locked tight the markets in which manufacturers can sell their products. If it weren't for FCC limitations, price reductions would undoubtedly have moved at a much slower tempo.

Manufacturers, of course, would like to see the freeze thawed out, opening up additional TV markets. But they're sobered by the thought that even if the thaw came tomorrow, it would take almost a year and a half before new stations began telecasting.

## Can Robots Sell?

Merchants aren't sure yet. In two stores that have tried vending machines so far, the results are inconclusive.

Just before the Christmas rush in department stores last year, Detroit's J. L. Hudson Co. installed a battery of automatic vending machines. It wanted to see how successfully robot selling would work for hosiery, Christmas cards, and other low-price items with a heavy turnover.

This week, the department store still hasn't made up its mind about the machines' performance. It is trying to appraise the results of the first experiment before it tries again. Whether or not it will put the machines back in to catch the buying rush later in the fall remains to be decided.

• **Little Data—Trouble** is that so far there is precious little data for merchandisers to go on.

For several years, they have been steamed up over the possibilities that lie in automatic vending. They have watched the phenomenal success of new vending machines that sell ice cream, soft drinks by the cup, and nylon hosiery.

But up till now, the trade knows of only two major efforts by department stores to give vending a test. One was Hudson's experiment; the other was made by Rich's in Atlanta.

• **Not Encouraging**—Hudson found that even during peak hours of the peak season the machines didn't get much play. It also found that the customers were not familiar with the machines. But this could be traced back to the store itself; Hudson made no effort to advertise or promote the machines.

Rich's, which also tried vending a variety of merchandise costing up to several dollars, makes nearly the same observations. The public simply didn't respond. So it took the machines out.

Rich's explains the failure on the basis that customers like to see and feel goods out in the open. In its opinion, the main field for merchandising machines will continue to be in air, rail, and bus terminals—wherever there is heavy traffic and a ready market for the kind of items you might need in a hurry.

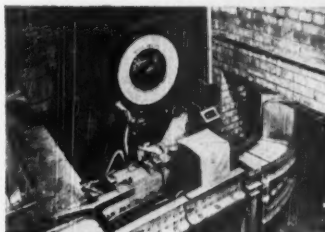
• **Hurdles**—Judging from the experience of Rich's and Hudson, there will have to be a lot of research before stores know where they're going with vending. Consumers will have to be educated, too. And still another, still debatable problem will be to overcome the natural hostility of labor unions and salespeople toward any device that eliminates jobs.

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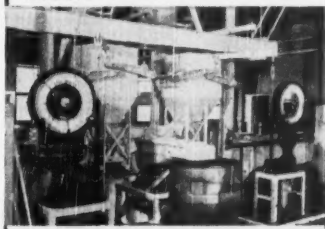
**CONTINUOUS WEIGHERS**...give an automatic and continuous check, during production, on the many materials manufactured in continuous sheet or strip form.



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**DYNAMOMETER SCALES**. These Toledos give an accurate measure of torque delivered by a dynamometer, with a direct reading on dial.



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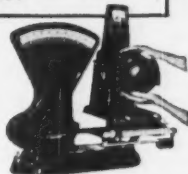


**SPRING TESTERS**...for testing a variety of helical springs in both compression and tension.

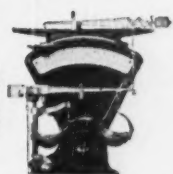


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**BOWLING BALL BALANCER**...another Toledo designed for a special need!



**COUNTING**...fast, accurate Toledo counts of parts. Regular and special models for exact needs.



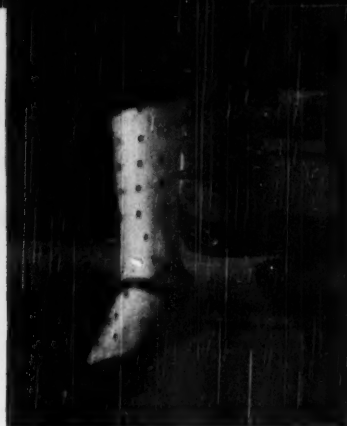
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# TOLEDO

## HEADQUARTERS FOR SCALES



SUNBURSTS, fancy heels, polka dots—they're all part of the hosiery industry's campaign to persuade U.S. women that they need more

## Lacy Lures Build Stocking Sales

The tricky stockings that you see running around this page are the hosiery industry's answer to an age-old marketing question: How do you get consumers to buy more of a fairly staple item?

There's nothing new about bringing out new models to stimulate sales; the auto industry, for one, has used the technique for years. But guileful stocking makers have put a new twist on the old device.

• **Eye Catchers**—They are using the outlandish models shown above simply as sales leaders, eye catchers to make U.S. women more stocking conscious. They don't expect a bargain-basement rush for them. They do expect a small percentage of women to buy them—the rest to become interested enough in stock-

ings to pick up a few extra pairs of the new, less extreme types of hosiery.

• **Survey**—To see what American women thought of the new styles, the National Assn. of Hosiery Manufacturers had Elmo Roper make a survey early this year. Last week, at the Hosiery Industry Conference in Atlantic City, the association announced the results. It found that for dress-up purposes, 75% of the 4,001 women interviewed prefer plain stockings; 17% expressed a liking for fancy heels, 3% liked clocks running up the side, 3.5% favored mesh stockings. The rest had no opinion, no preference, or wouldn't answer.

Hosiery makers have been helped this year by the fact that skirts are getting shorter. Less skirt means more leg—and more stocking interest. Those factors,

plus the fact that prices shook down to more realistic levels last year (which was the first really competitive postwar year for the stocking makers) have boosted stocking shipments 18% in the first quarter of 1950.

• **Variety**—Clocks and heel patterns aren't the only ways that hosiery makers keep the customers buying. In addition, they urge women to wear heavier stocking weights during the day, then change to sheer hose for evening. Or else they vary the color or shade to catch the consumer's interest. They've found, incidentally, that there are distinct regional preferences in stockings. On the West Coast, women like the darker shades of hose; in the East, it's the lighter colors that sell; and in the South, they go for reddish tones in legwear.



ORDERING is a headache for stocking retailers these days, what with the variety of sizes and styles that are available. Finding a place to keep the inventories is no easy task, either, especially when some models come in three lengths and seven different foot sizes.



FRONT SEAMS catch a buyer's eye. As a retailer, she hopes that the seams will attract women—who hope they'll attract men.





stockings than they already have. Extreme styles spur buying interest.



**AIR CONDITIONING**, by means of an open-webbed stocking bottom, is Gotham Hosiery Co.'s latest bid for sales. It's designed to beat the complaint that nylons are hot in summer.



**OLD STOCKINGS** got pretty fancy, too. You can see that this pair (made in 1919) has a considerable influence on these . . .

**NEW STOCKINGS**, made of white nylon embroidered with seed pearls, that Gotham will sell to any prospective bride who has \$25.

## PAPERS

that like Hard Work!



**HOT DOG!**—everybody likes winners. And say, have you noticed their clever new put-up?—cartons containing various quantities of "dogs" all priced and ready to buy without handling or waiting. Rhinelander Greaseproof is the protective liner in this sanitary and convenient new package.



**THE MEN** who make the world's best Glassine and Greaseproof papers are a keen bunch of sportsmen. Their work is but a few minutes away from some of the nation's best hunting and fishing. So what? Well, we believe that this healthful, pleasant environment promotes good workmanship and is a factor in Rhinelander quality.



**RHINELANDER G & G\* Task Papers** are best known for the great job they do packaging food. A lesser but very important application is the protecting of hundreds of hardware items against rust and corrosion. And, being greaseproof, they resist the penetration of oils with which many fine tools and metal products are factory treated.

\*Glassine and Greaseproof—the functional papers that do so many tough jobs well.



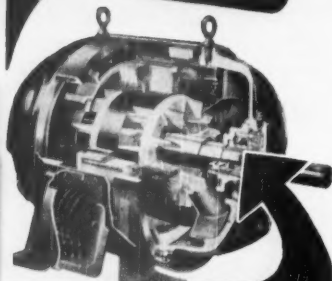
RHINELANDER, WISCONSIN



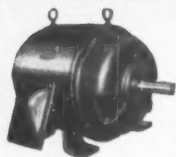
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of Bearings

**4 TIMES GREATER**  
...in

*Precision-Built*



**COMPARE BEARING LIFE:**



Life expectancy  
of the double-  
shielded bearings

in Reliance mountings in a 7½ hp., 1800 rpm. motor operating under normal conditions is four times that of conventional type bearings and mountings in the same size motor. Drawing on bearing manufacturers' own tables for a comparison of front end bearing life, Reliance provides 100,000 life hours against 25,000 by conventional mountings. And the difference is even greater in the case of back end bearings! Here is a dividend of longer life—one of several advantages you get by specifying Reliance PRECISION-BUILT A-c. Motors—now available from ¾ to 300 horsepower. Write today for Bulletin B-2101.

*Sales Representatives in Principal Cities*

**RELIANCE**  
ELECTRIC AND  
ENGINEERING CO.

1069 Ivanhoe Road • Cleveland 10, Ohio

**"All Motors are NOT Alike"**

## THE MARKETING PATTERN

The trouble with a lot of shopping centers is that they were built according to hunch instead of market research. As a result, some were underbuilt; others were overbuilt—which is worse yet from the investor's viewpoint.

Now the hit-or-miss method seems to be on the way out. The new system is to milk every ounce of usable information that you can out of marketing experts—before you sign any building contracts.

That is what Prudential Insurance Co. did before it gave the green light to its Millburn (N. J.) project (BW—Mar. 4 '50, p66). And it is what Otto Spaeth, a New York art collector, is doing with the shopping center project that he now has under way in Dayton, Ohio. Spaeth, who formerly owned a successful machine tool business in Dayton, has set something of a record for thoroughness in researching his potential market.

**A** FEW YEARS AGO, Spaeth bought a likely looking 20-acre tract of unimproved land in the Oakwood residential district south of downtown Dayton. It lies on the main highway between Dayton and Cincinnati, at the edge of a fast-growing community. Spaeth had originally thought in terms of a housing development.

Before he did anything, Spaeth took his problem to a New York firm of industrial designers, Nowland & Schladermundt. This firm, a specialist in the "analysis of consumer needs," has designed, among other things, Philco's refrigerators, Macy's Flatbush store.

Nowland & Schladermundt went to Dayton industrialists and merchants to get a general picture of the town's future. The findings looked good. Dayton Power & Light, for instance, figures on a population increase of 25% in 10 years' time. The city has a diversified industry, a high average industrial wage, and heavy home-building—which is trending southwards out Oakland way.

At this point, Spaeth and his advisers could have stopped and wrapped up what they had in a nice package, ornamented with some government statistics on incomes and spending power.

Instead, they borrowed a leaf

from the pollsters' handbook and sent a team of researchers to Dayton to get facts that don't show in the regular statistics. The research team's orders were to find out about buying habits. Where did people shop? Would they switch to a center if one were built? Was the location right? What would people like to see in a shopping center?

**T**HE ANSWERS were both encouraging and enlightening. Some 80% of Daytonians prefer to shop by car, are discouraged by downtown parking traffic difficulties, and think the town could use a new shopping center. About 75% said Spaeth had picked a good spot. On the whole, the study showed, Daytonians would trade at new stores more conveniently located than the present ones. In architecture, the majority voted for modern design.

The poll also told Spaeth just what type of stores and services would be essential in a shopping center.

Getting still more mileage from their poll, the researchers used its findings to take the water out of the figures when they estimated the center's potential gross business. A little better than 20% of the sample had told the pollsters that they wouldn't use the shopping center at all. The researchers simply figured them out of the total. And they also scaled down the figures to allow for the people who said they would use the center only part of the time.

Then—and only then—were the researchers ready to figure out the potential annual gross business that the center might expect from its immediate trading area of 20,000 families. They came up with a conservative estimate of \$31.5-million gross a year.

Spaeth is now in Dayton using these figures to talk up his project. He is willing to put up 20% of the capital, wants Daytonians to come through with the remainder. If he gets the backing, he will build his shopping center to the precise specifications that his research produced. It will serve as a guide to planning the physical layout, the type of architecture, the size of the project, and its makeup.

## MARKETING BRIEFS

**Round-the-clock service** for phone calls has been started by Lansburgh & Bros., Washington (D. C.) department store. The store now handles heavy flurries of orders at night, generated by ads in the afternoon papers.

A "very low price" plus an excellent product: That, says Parke, Davis, is why it shares the total hard-gelatin capsule market with one other company, Eli Lilly. Parke, Davis was answering the Justice Dept.'s charges that it has conspired with Lilly to restrain trade.

"Children's Day" caused a row in a House Judiciary subcommittee the other day. California's Rep. Clyde Doyle introduced a bill to fix the first Sunday in May as an uncommercialized Children's Day. He crossed swords with publisher George J. Hecht of Parent's Magazine, who says retailers want it in October.

**Hoover Co.** is dropping direct distribution of its electric iron in favor of distributors and wholesalers. Future new products will get the same treatment, as they appear. But Hoover will continue selling its electric cleaners direct to appliance stores and through leased departments in department stores.

**Whiskey prices** on bonds and straights continue to tumble. Close on the heels of Park & Tilford (BW-Apr. 29 '50, p66), National Distillers has cut \$1.32 off the price of its bottled-in-bond Old Crow. In New York State, you now pay \$5.59 a fifth.

**Fresh fruit and vegetables** may get a \$1-million promotional plug from the National League of Wholesale Fresh Fruit & Vegetable Distributors. The fresh produce people are increasingly worried about inroads by food processors—particularly frozen-food and juice packers.

**Soft-drink sales** dipped a bit last year. Standard & Poor's reports that the sales of the five leading companies were down about 2% from the year before. Pepsi-Cola's sales inched up slightly (1.2%); Coca-Cola's dropped a mite (1.7%). But Coca-Cola was the only one of the five to show improved profit margins.

**Eastbound airfreight** will cost shippers less. United will cut eastbound rates 40% later this month; American and Slick have filed for similar rate reductions. The airlines want to fill those empties moving back to the industrial East.



## Be Applied to a Pension Plan?

**T**HE objectives of every pension plan may be the same. But the methods used to arrive at these objectives may vary greatly from plan to plan.

For example, in one company the average age of those to be covered by the pension plan may be much higher than the average age of employees in another company. The average length of service in two companies can be as different as day is from night. These factors call for special treatment, particularly in selecting the method of funding past service costs.

The most effective pension plan takes into consideration the different conditions that must be met in each company. The plan is then built step by step to meet these individual conditions.

City Bank Farmers Trust Company has assisted hundreds of companies with their pension planning. That experience is yours for the asking. As a starter, let us estimate the cost of a pension plan for your company. Consult any of our officers. There is no obligation, of course.



We act as trustee under pension plans and as agent for individual trustees. Send for our Pension Booklet.

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## ...let us do your LEGWORK

Our Development and Industrial Commission maintains an active file of all available industrial buildings and sites. A Commission representative is in constant touch with real estate brokers, industrial promotion organizations, Chamber of Commerce and other sources of information. This data, free from local bias, is readily available on a confidential basis to those qualified. There is no charge, even if individual surveys are required.

Simply tell us what you have in mind — we'll do the leg work — get you the facts and the specific information you require.

*the move is on... to*  
**MASSACHUSETTS**  
*where*

- ✓ LABOR IS SKILLED AND PLENTIFUL
- ✓ MAJOR MARKETS ARE CLOSEST
- ✓ RESEARCH FACILITIES ARE FINEST

An illustrated book gives the facts on Massachusetts. The color film, "Make It in Massachusetts", is available to interested executives.



WRITE TO: Massachusetts Development and Industrial Commission, Room 102B, State House, Boston 33, Massachusetts, on your letterhead, please.

## TRANSPORTATION



5:30 P. M. Helm's gets Merchandiser cargo at its New York receiving station. Handlers immediately weigh it and put it on the waiting trucks.

## Overnight to Pittsburgh

By changing drivers at midpoint on the run, Helm's can haul loads from New York to Pittsburgh in one night.



1:00 A. M. Midpoint of New York-Pittsburgh run is Harrisburg, Pa., where Merchandiser gets new driver. This way no time is lost while driver sleeps.



5:35 P.M. Already loaded and on its way, Merchandiser leaves city.

## -in Relays

(COMPLETE STORY ON PAGE 90)

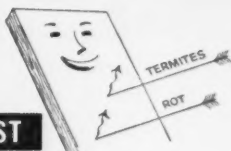


7:00 A.M. Merchandiser comes off Pennsylvania Turnpike.

# All plant managers should know these facts about pressure-treated lumber



### FIRST



**PROTECTION**—Treating of lumber preserves it—just as alloys preserve metals. The purpose is to protect lumber against costly rot and termite damage.

### SECOND



**PRESSURE TREATMENT** vs. Surface Application—Authorities say that pressure treatment provides the only sure, lasting protection to lumber.

### THIRD



**OTHER QUALITIES TO LOOK FOR**—For greatest usefulness, preservatives also should be clean, odorless, paintable, non-leaching and non-corrosive.



For complete information about **WOLMANIZED®** Pressure-Treated Lumber, write for free booklet.

\*Reg. U. S. Pat. Off.

### FOURTH



**WOLMANIZED** Pressure-Treated Lumber combines all these requirements—lasts 3 to 5 times longer than untreated wood, because it's treated under 150 lbs. pressure per square inch. Protection is deep in the wood fibers. It's clean, odorless, paintable, non-leaching, non-corrosive. Wolmanized Pressure-Treated Lumber has been proved in use for over 25 years. It will prove its value to you, too.

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It pays to use...

**WOLMANIZED  
PRESSURE  
TREATED LUMBER**





## Build Business with



## Unit Air Conditioners

People like the refreshing coolness and freedom from humidity these Units bring to your restaurant, office or shop.

Frick Air Conditioners have the features you want: large cooling capacity, quiet operation, excellent economy, sealed refrigerating unit, variable-speed fan, self-cleaning filter, adjustable air outlets, and beautiful glazed blue-grey finish.

Frick Unit Conditioners installed in the 'Thirties are still good for years of service. Get full details: ask for Bulletin 522.



Also Builders of Power Farming and Sawmill Machinery

The Hill Cafe (below) in Harrisburg, Penna. Has Used Three Frick Unit Air Conditioners Eleven Years.

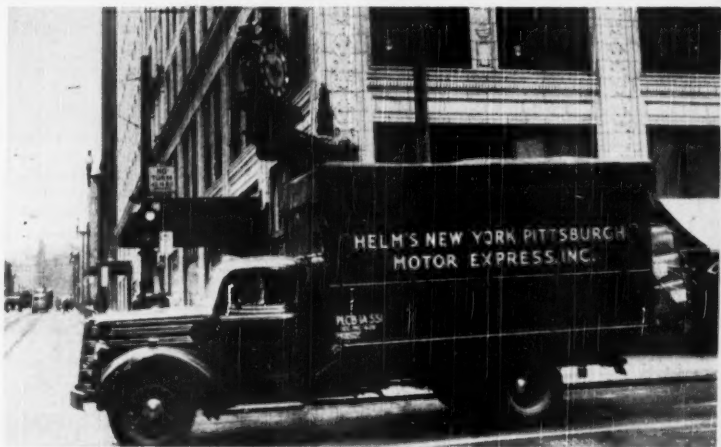


## OVERNIGHT TO PITTSBURGH (Continued from page 89)



7:45 A.M.

The Merchiser has already arrived at the Pittsburgh terminal where its cargo is unloaded and placed on small trucks for local delivery.



9:30 A.M.

Part of the Merchiser's cargo is delivered to Kaufman's, one of Pittsburgh's big department stores, in time for sales that day.

## Switch Speeds Shipments

Department stores, clothing stores, and jobbers in cities 10 hours from New York by truck have always had a big advantage over those farther away. They could order merchandise by phone one day and have it in their stores the following day. It meant they could keep their inventories down and still give good service on special rush orders. And they were able to get the latest styles into stock just as fast as New York stores could.

There are plenty of other stores beyond the 10-hour limit that are still just overnight from New York. But the Interstate Commerce Commission won't permit truck drivers to drive for more

than 10 hours without sleeping for eight. That meant a loss of at least another half-day, plus additional losses from pilfering of the loaded truck while the driver was sleeping.

• **All the Way**—That's the way it used to be. But it isn't any more—at least as far as Pittsburgh is concerned. Helms' New York-Pittsburgh Motor Express, Inc., has adopted a variation of the old pony express system and gets shipments to Pittsburgh overnight, even though that city is 14 hours away from New York. Helms' calls its 11 trucks the "Merchandise Fleet."

The trick is to change drivers midway along the trip—at Harrisburg. That way,





**8:00 A.M.** Tractor engine is checked while the trailer is unloaded.



**9:40 A.M.** More goes to Gimbel's, another big retailer.

the truck doesn't have to lay over for eight hours, so no time is lost, and it doesn't become a wide-open target for petty thieves.

• **Keep 'em Rolling**—But ICC's regulations weren't the only things that Helm's had to cope with. In order to maintain schedules, breakdowns on the road had to be avoided. So Helm's gives all equipment fast, accurate checks whenever trucks are in the garage. Often this means that an engine is being tested while the trailer is being loaded.

Employees at both ends of the line have been carefully trained to speed handling and cut damage, which is a big problem in softgoods shipping. Helm's says that less than 1% of revenue is paid out for damage claims. That's supposed to be an amazing record for this kind of business.

# 60 Times Faster

...and many times better than old-fashioned "copying"!

**OZALID** is a speedy copying process that reproduces anything typed, drawn or written. You get perfect copies of letters, reports, files—anything.\*

## CUTS LABOR COSTS, SPEEDS WORK, REDUCES OVERHEAD!



**60 TIMES FASTER** because Ozalid duplicates in one minute what used to take an hour manually. Letters, files, photographs, drawings—anything!\*



**60 TIMES FASTER** because copying errors are eliminated. There is *no check-back* to the original necessary!



**60 TIMES FASTER** because changes are made by simply adding new material to create a "composite master". No need to re-create an entire piece.



**60 TIMES FASTER** because Ozalid makes copies in any size—always available in sheets or continuous rolls.

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Because Ozalid is the "Standard of Quality" among sensitized papers.

Because Ozalid's "speed" is the same month in and month out.

Because Ozalid's longer shelf-life means materials are fresh. Yes...

**60 TIMES FASTER** because you save waste, labor and processing costs!

*\*If light won't shine through, an expensive intermediary step is taken.*

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GLOBE Automatic Sprinklers curb ALL losses due to **FIRE**.

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NEW YORK...CHICAGO...PHILADELPHIA  
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(Advertisement)



"... open Monday in Baltimore. You can reach me at the largest hotel ... what? ... Where I always stay, *The Lord Baltimore*, of course!"

### When ...

you advertise in *Business Week*, you "talk across the desk" to the nation's most important buying influences ... management men.

## Riding Up—On Moving Stairs

**Peelle Co. wins coveted contract to supply 31 moving stairs for New York Port of Authority. It got the job by buying Multiscope, maker of Motorstair, after its elevator-door business collapsed.**

"Going down!"

That sounds good at 5 p.m. in a big office building. It's not so welcome if you're riding along with the elevator business and your sales plummet.

But there are more ways than one to climb. Peelle Co., Brooklyn, N. Y., has found that out. This maker of elevator doors is trying a new vehicle to get it to the top—the moving stairway.

For a long time, a pair of giants—Otis (Escalator) and Westinghouse (Electric Stairway) have been top dogs in the moving stairway business. Now the Peelle Motorstair is pounding at the door, and getting in.

• **Big Contract**—Peelle has wrapped up a contract for 31 moving stairways for the Port of New York Authority's huge Union Bus Terminal now building in midtown Manhattan. It got the job in January, less than three weeks after it officially crashed the moving stairway field.

• **A Closed Door**—It all came about because Peelle found, after 45 years, that an elevator door can close on you. Most elevators used to be sold without doors. And over the years, Peelle has done about 75% of the freight-elevator-door business in the U. S. Last spring, some 35% of this dropped out of sight: Otis Elevator Co. started making its own doors (BW—Aug. 18'49, p6).

Maybe the sporting thing for Peelle would have been to start making its own elevators. But that's not an easy field to break into. Otis booked roughly \$84-million worth of orders last year alone.

• **And an Open One**—Instead, H. E. Peelle, enterprising founder of the firm, turned to an allied line—moving stairs.

He saw his chance in Multiscope, Inc., maker of a moving stairway known as Motorstair (BW—Apr. 12'47, p28). Peelle became eastern sales representative for Multiscope last October. In December, it bought the company for \$650,000.

Multiscope, a wartime subcontractor for Sperry Gyroscope, in Coffeyville, Kan., turned out its first experimental stairway in 1945. Its Motorstair was different from other moving stairways. At the start, it had a narrower tread, moved more slowly. And it cost less, too—the company was definitely shooting for a market that couldn't afford the standard models.

Since then, Multiscope developed a second model, the B-32. This one has a wider tread, and moves at the same speed as conventional stairways.

Big selling point for Motorstair is its metal handrail instead of the flexible rubber rail usually used. The company figures that is a factor in cutting accidents—because things won't stick to a metal rail the way they'll stick to rubber—and there's less chance of breakdown.

• **Growing**—By last December, Multiscope had installed about 70 Motorstairs—mainly in the West and Midwest. Matched against the giants, however, its share of the market was small. Precise figures are hard to get, but one estimate has it that of some 1,345 moving stairways installed since the end of the war, Otis has supplied about 940, Westinghouse about 320.

Last year, Motorstair cracked the eastern market for the first time. Hudson & Manhattan R.R. installed one in its Jersey City station.

All this time, Peelle was sticking strictly to freight-elevator doors—and doing a business of some \$3-million to \$4-million a year.

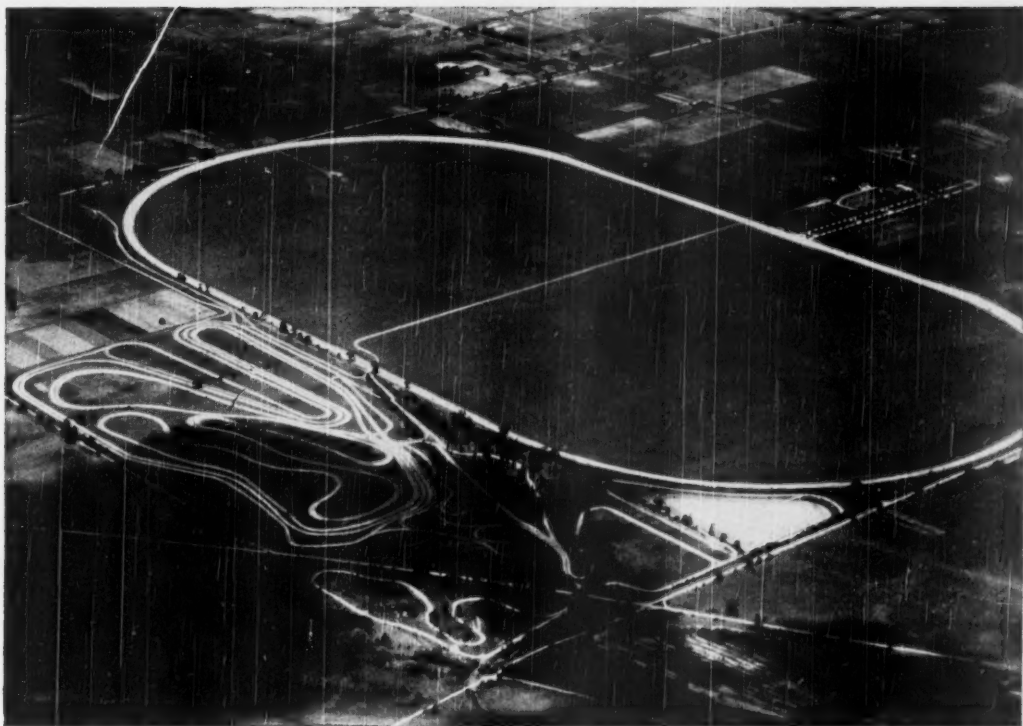
• **Fast Move**—Then came the Otis announcement. Peelle moved fast. It decided Multiscope had something, started peddling it in the East.

By now, Peelle had set its sights on the big Port contract. So had Otis and Westinghouse. Peelle Co. cleared its first big hurdle when, in October, the Port published its specifications for the bus terminal—including those for the 31 stairways. Multiscope made the eligible list, along with its big competitors.

That 31-stairway order was big bait; it's probably the largest single one of its kind ever let. The Port Authority wanted to know which stairway was included in the general contractors' bids. That gave the competition for the stairway contract a keener edge.

• **Success**—Last December, just five days before Peelle officially took Multiscope over, the Port announced its verdict: Turner Construction Co. had the contract—for \$9,194,759 (BW—Mar. 18'50, p92). Tucked away in this impressive sum was provision for 31 Motorstairs. Motorstair was in. Only by then, it was the Peelle Motorstair, product of a wholly owned subsidiary of Peelle Co.

So far, Peelle has had no cause to regret its bargain. In the few months since it took over Multiscope, more Motorstairs have been sold than were installed during the stairway's entire lifetime before the Peelle-Multiscope deal.



## Where is the world's fastest 2½-mile speedway?

Indianapolis? Guess again. It's at Utica, Michigan—part of the 504-acre Packard Proving Ground.

Packard had the vision, 24 years ago, to build this concrete speedway—and its adjoining network of roads of every description—for scientific development and testing of new models . . . and for periodic confirmation of the quality of production models.

On this huge proving ground, whose facilities are kept constantly up-to-date, hundreds of Packards have rolled up millions of miles in grueling performance and durability trials. Additional testing is conducted on roads throughout the United States, and in Packard research laboratories and experimental shops.

Out of this exhaustive Packard program have come engineering advances which have influenced the design of other makes of cars the world over.

Newest of these famous Packard "firsts" is Packard Ultramatic Drive—described by impartial technical observers as the "last word in automatic, no-shift control." If you pride yourself on your up-to-date knowledge of motor cars, we know you'll visit your Packard dealer this week for a demonstration of this engineering triumph.

### PACKARD 50-YEAR RECORD OF EARNINGS-DIVIDENDS-RETENTIONS


POST WAR PERIOD

EARNINGS	\$202,348,799.
DIVIDENDS	\$129,414,078.
RETAINED	\$72,934,721.

**Money at work:** Believing that company strength is the best guarantee of continuing progress in research and development, Packard has maintained a sound long-range balance between dividends and retentions. This kind of planning has kept Packard financially strong, and has provided the finest working facilities in Packard's entire 50-year history.

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**BUY-WORD OF OREGON WOMEN!**

The Oregonian is your best buy to sell Oregon women! The Pacific Northwest's biggest newspaper... ahead by tens-of-thousands in circulation. The Oregonian is always **FIRST** with women, **FIRST** in sales impact and advertising results.

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100 years  
The Great Newspaper of the West

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## RESEARCH



OUT OF THE VAULT comes Goodrich research director, Dr. W. L. Davidson, with the \$12.50 uranium stick in a box.



UNDER A VACUUM, a specimen for the electron microscope is sprayed with powdered uranium by a Goodrich researcher.



COATED SPECIMEN now goes into this electron microscope. It will stop enough electrons to cast distinct shadow.

## Uranium for Sale—\$50 a lb.

AEC has O.K.'d production of 200 lb. of uranium metal by Mallinckrodt for use in nonatomic scientific research.

All uranium doesn't eventually wind up as an ingredient of an atom bomb. About 200 lb. of the metal probably will never get into any kind of atomic concoction.

The Atomic Energy Commission has taken that much uranium metal out of the hands of its bomb makers and

turned it over to private industry for nonatomic research.

• **Made by Mallinckrodt**—The commission permitted Mallinckrodt Chemical Works, St. Louis, to turn some uranium oxide into 200 lb. of uranium metal rods. Then the rods were put up for sale to schools, hospitals, and private



companies for use in private research projects.

The commission's price is \$50 a lb., but you have to have a license to buy the stuff. And if you want a license, you have to prove to the commission's satisfaction that you aren't going to use the metal for atomic studies. In most cases, the licensing process is a routine matter, since the uranium isn't pure enough for high-level atomic research.

- **Lots of Licenses**—So far, about 25 organizations have been granted licenses to buy these uranium metal rods. They use them in several different types of research:

(1) As a standard of radiation. The rate of radiation of uranium metal is a known factor, so by comparing it with the rate for unknown compounds, scientists can gain valuable information about these compounds.

(2) In superconductivity tests. Researchers use the uranium for experimental work with the flow of current through metal at extremely low temperatures.

(3) For metallurgical research. While these uranium rods aren't pure enough for atomic research, they are sufficiently refined for a lot of other kinds of metallurgical study.

(4) For shadow-casting studies in electron microscopes. B. F. Goodrich Co., one of the companies licensed to use uranium metal, is using it in this way at its research center outside of Cleveland.

- **\$12.50 Worth**—Goodrich bought one-quarter lb. of the metal from Mallinckrodt. That much uranium is a rod about four in. long and not much thicker than an ordinary pencil.

An electron microscope isn't an optical device. Instead, it aims a stream of electrons at the object under examination. Ordinarily, most of them are stopped by the object. But those that bypass it hit a screen or a photographic plate and cast a shadow.

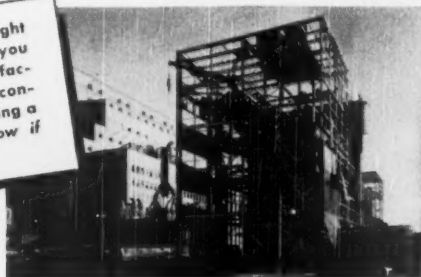
- **Just Spray It On**—But some materials don't stop enough electrons to make a distinct shadow on the screen. That's where the uranium comes into operation. At Goodrich's lab, researchers file some of the metal into a powder and spray it on the object to be "viewed" under the microscope. This spraying is done at a temperature of 3,600°F in a vacuum. The fine layer of uranium on the object stops enough electrons so that a clear shadow will show up on the screen.

This coating process enables Goodrich scientists to examine stuff that they never could see before even at magnifications up to 100,000 times.

If enough organizations want licenses to use uranium metal for nonatomic projects, the commission plans to let out more uranium oxide for processing into rods.

## BEFORE EXPANDING OR MODERNIZING YOUR PLANT ...ask these questions

To help you select the right contractor for the job you have in mind we list 5 factors which our clients consider vital before making a decision: Do you know if the contractor has—



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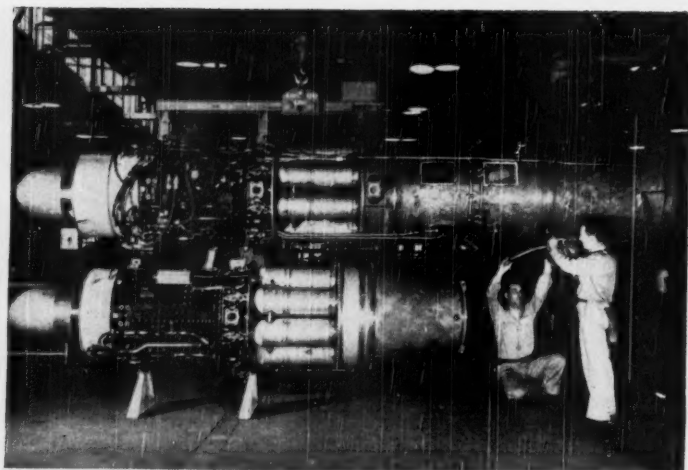
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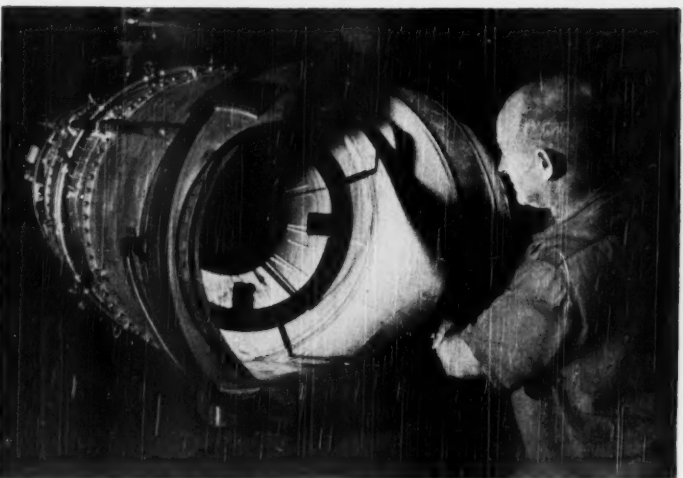
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**EXTRA-LONG TAIL** (top) on GE's latest J-47 jet engine produces extra power. Fuel is burned in tail's reheat burner which is fitted with . . .



**CLAMSHELL DEVICE**, called variable area jet nozzle. Nozzle has movable lips that are automatically controlled to give best engine performance under varying conditions.

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For most jet-engine makers today, "after-burning" has become the standard way to soup up performance. The system, which is also referred to as exhaust reheat, in effect puts a second jet thrust unit into the tail of the jet engine.

On General Electric's J-47 engine (above), the after-burner uses a special nozzle, shaped something like a clamshell. This nozzle can be adjusted to meet varying flight and power conditions.

For the most part, after-burners are used only for burst performance—quick step-ups in power during take-offs and

climbs. Although fuel consumption is high, the burners are believed to more than double engine power over limited periods. (The specific figures concerning their performance have been kept secret.)

GE's engine, which was developed at the company's Aircraft Gas Turbine Division, is now being test flown in North American Aviation's F-95A. A second after-burner model in which GE had a hand is being tested in Republic Aviation's XF-91. This engine was a cooperative development with Republic and the National Advisory Committee on Aeronautics.

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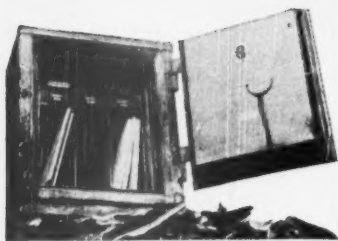
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## FINANCE



## Freight Brings In Nickel-

NKP is proof that railroading can pay. Last year, only one line beat its earnings record. 1950 promises to be as good.

"If conditions continue as they are at the present time, the showing of your road for the year 1950 should compare favorably with 1949."

That was one important bit of news Lynne L. White, chairman and president of the New York, Chicago & St. Louis R.R. (the "Nickel Plate Road"), had for his stockholders last week at their annual meeting in Cleveland. And while that might not sound like a particularly bullish prediction for a railroader to make, White's shareholders found it a mighty comforting bit of intelligence.

For to Nickel Platers, 1949 wasn't at all the sad year that so many other rail stockholders experienced (BW-Apr. 5 '50, p.86).

● **\$30.55 a Share**—As White (cover) had announced—with pardonable pride—some weeks ago, earnings in 1949 added up to a fat \$30.55 per share of NKP's outstanding common stock. That sensational performance was eclipsed last year by only one other major rail system—the Southern Pacific-controlled St. Louis Southwestern Ry. And only twice before in Nickel Plate history, had it ever been topped (tabulation, page 100).

None of this has passed Wall Street's notice, naturally. NKP common recently sold on the New York Stock Exchange at \$111.63 a share, virtually double its

1949 low. And though that price jump brought plenty of sellers to cash in on the profits, early this week the shares were still bringing around \$105 on the Big Board. Not many rail commons have gone that high recently.

● **Real Nickel**—There has always been a touch of glamour about the road—ever since it officially took over the "Nickel Plate" nickname the year it was born. The popular story of how it got the name isn't the right one, by the way. It's said that some wags insisted the road's rails must have been nickel-plated because it cost so much to build.

The correct story of the origin of the name is this: A poetical editor of a country newspaper rhapsodized that if the road went through his town, he could see "shining bands of steel extending . . . to the teeming East and . . . to the mighty West." His town didn't get the road, but the editor got the first pass on it. And the glitter of his vision gave the Nickel Plate its name. Nickel Plate Road boils down to NKP, instead of NPR, so it won't be confused with Northern Pacific Ry.

● **Why?**—However it was christened, there's no doubt that the aura of nickel plate has definitely given NKP's record a fine silvery sheen in recent years.

Partly, NKP has its strategic loca-



## Plated Profits

tion to thank (map). The high post-war industrial output of the trade centers it serves has been a boon. (Detroit is an outstanding case in point.)

One other factor has been of major importance. NKP's management is not one to walk flat-footed. Because it's on its toes, it has kept the road running at lower costs than most systems lately.

• **Short**—Alongside its main competitors—Pennsylvania, Baltimore & Ohio, and New York Central—with their 6,200-mi.-plus lines, Nickel Plate Road looks small. In its service area, it now operates only some 2,192 mi. of road, practically all of it one-track lines.

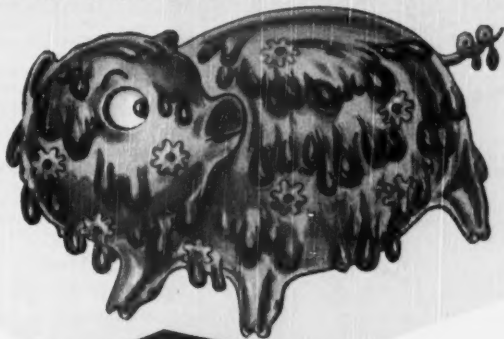
• **But Sweet**—But for all its shortness, there are factors that weigh heavily in favor of the smaller road.

Unlike the big east-west trunk lines it has to buck, the Nickel Plate keeps up only a shadow of the costly through-train and commutation passenger services. These are the services that have long gulped up good portions of the freight earnings of its competitors. So NKP can put its full mind to building up the most important thing it has to sell: fast freight service. And without passenger losses, its freight profits come through free and clear.

There's another common worry NKP doesn't have: losses piled up by a mass of unprofitable branch lines. Its mileage is mostly main-line character.

• **Main Lines**—One important segment of the system's mileage extends from

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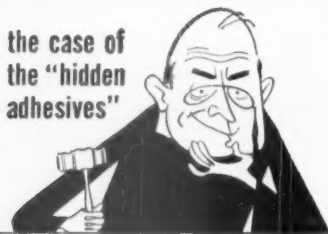
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## How Nickel Plate's Fast Freight Has Paid Off

	Operating Revenues (In Thousands of Dollars)	Fixed Charges	Net Income	Earned per Common Share	*Profit Nickel Plate	Margins Class I Roads	Ratio of NKP Gross to Revenues of Penna. R.R.	N. Y. Central
1929.....	\$56,385	\$6,195	\$7,390	\$15.51	13.1%	14.3%	8.3%	9.6%
1932.....	29,158	7,918	4,410	19.48	15.1	14.4	8.8	9.9
1936.....	41,713	7,503	7,380	15.46	17.7	4.1	9.4	11.5
1939.....	43,175	7,092	3,371	3.53	7.8	2.3	10.0	12.7
1940.....	46,423	7,034	3,611	4.29	7.8	4.4	9.7	12.6
1941.....	60,219	6,874	12,687	31.18	21.1	9.4	9.8	13.5
1942.....	88,742	5,834	8,691	19.34	9.8	12.1	10.6	14.9
1943.....	100,093	5,601	9,188	20.82	9.2	9.6	10.2	14.2
1944.....	100,459	5,311	7,226	15.00	7.2	7.1	9.9	14.1
1945.....	85,567	5,371	8,083	17.54	9.4	5.1	9.1	13.1
1946.....	74,333	3,979	5,568	10.09	7.5	3.8	9.0	12.1
1947.....	92,521	3,467	8,178	17.82	8.8	5.5	10.2	13.2
1948.....	109,482	3,535	15,354	39.09	14.0	7.2	10.9	14.0
1949.....	98,853	3,634	12,474	30.55	12.6	5.1	11.7	14.2

\*Ratio of net income to operating revenues. D--Deficit

Buffalo to Chicago; a second from Toledo to St. Louis; a third from Sandusky, Ohio, to Peoria, another important east-west traffic gateway; a fourth (the main line of the recently leased Wheeling & Lake Erie Ry.) from Toledo to Wheeling, W. Va.

The Buffalo-Chicago run is probably the most important of these "main lines." It's the shortest rail line between those two important points that's located entirely in this country. And, since it hooks up with the New York-Buffalo main lines of either the Delaware, Lackawanna & Western, or Lehigh Valley systems, it provides east-west shippers with the second shortest rail-freight route between the Windy City and Manhattan.

The other main-line sectors contribute their considerable bit, too—not only on their own, but by their tie-ins with the rest of the system. Taken all together, NKP is a very well-knit system. All its four main stems criss-cross one another at various points en route. And they are additionally laced together by another three lines extending southerly from such important traffic centers as Cleveland, Ft. Wayne, and Michigan City, Ind.

• **What It Carries**—Nickel Plate's main job is handling traffic for other roads. In recent years, in fact, some 75% of its annual tonnage haul on the average has come from connecting roads.

On a tonnage basis, bituminous coal right along has been its biggest "passenger." Last year, such shipments accounted for about 8.2-million of all its 30.6-million tons of freight traffic.

Coal, however, is low-tariff freight; in dollars, it shows up much less strikingly in NKP's freight makeup. The big money is in manufactures and miscellaneous items.

Because of the road's location and the

type of traffic handled, the size of its annual freight movements depends heavily on how fast the automobile centers of Ohio and Michigan turn out the goods. If you compare the size of auto and truck production in recent years with Nickel Plate's freight revenues, here's what you discover: Those revenues have invariably taken their cue from the auto and truck production index—even though autos and trucks in themselves make up little of the NKP tonnage haul.

• **When Detroit Lags**—This factor, of course, immediately poses a question: What's going to happen to the road once the current Detroit boom ends?

Obviously, when that happens, Nickel Plate earnings can be expected to fall. But you can find many a Wall Street student of the rails who is willing to bet they won't drop anything like the way they did in the depression years. Here are their arguments:

(1) NKP has strengthened its basic position considerably by its recent long-term lease of the 500-mile Wheeling & Lake Erie Ry. That's a prosperous soft-coal carrier long controlled by Nickel Plate. It's estimated that if the present lease had been in effect last year, Wheeling's profits would have upped Nickel Plate's common stock earnings by about a third, or some \$10 a share.

(2) Over the last 10 years, NKP has pumped back some \$70-million of earnings into the system for improvements that have cut operating costs sharply.

(3) Annual fixed charges, even after the increases brought about by the Wheeling & Lake Erie lease, are now some 45% lower than their highest levels in the 30's.

(4) Working capital recently almost covered three years of present fixed charges.

(5) Except for some "normal size"



annual equipment trust maturities and \$5-million Wheeling & Lake Erie bank loans due in a few years, NKP has no large debts falling due before 1980.

• **Light on Diesels**—Another economy factor is that the diesel doesn't enter the NKP picture much. True, NKP has completely dieselized its minor passenger service. And it is also taking steps to dieselize its main freight yard facilities.

Otherwise, however, it's going to stick with steam, White says. His engineers, he says, have found that modern steam locomotives do a freight job just as well as diesels—on his road. Geography is one major reason. Unlike its big trunk-line rivals, which have been forced to go into diesels in a big way, Nickel Plate has no mountains or bad grades to climb.

• **Van Sweringens Enter**—Nickel Plate was born in 1881. But for all its high-sounding nickname, the country didn't hear much about the system until 1916. That year, two little-known Cleveland real estate developers, O. P. and M. J. Van Sweringen, bought NKP for \$2-million in cash and \$6-million in notes.

It didn't look like much of a bargain. New York Central had owned the road for years. Since it wanted the road only to keep it out of rival hands, those nickel-plated rails were pretty much streaks of rust.

• **In and Out of C&O**—But the Van Sweringens saw its possibilities as a fast-freight carrier. Over the years, they built an empire around it—adding Chesapeake & Ohio, Erie, and Pere Marquette. Control of the system changed hands several times, wound up by the mid-30's as C&O property. By 1937, Robert R. Young had won control of the Van Sweringen rail group, and dreamed of a merger of C&O with the roads it controlled. But NKP stockholders wouldn't buy it. They said merger terms didn't take care of the \$84 in dividend arrears on NKP preferred stock that had piled up in the 1932-45 period. This annoyed Young. In 1947, he forced C&O and NKP to part company. From then on, Nickel Plate was on its own.

• **White's Problems**—The boss of the road isn't worrying about such matters now. White has other things to think about.

Some way or other, NKP will have to clean up those back preferred dividends. It's setting aside 20% of its net income annually to cut them down—and has pared them to \$68.50 a share.

Another question White may have to answer one of these days is whether to merge with Delaware, Lackawanna & Western. Since NKP has been operating on its own, DL&W has bought almost 18% of NKP's outstanding common shares, has indicated an interest in merging. But the eastern car-

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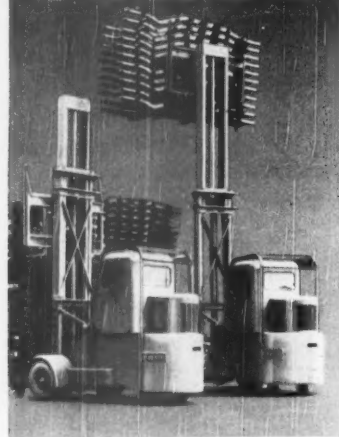
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rier isn't what it used to be—one of the wealthiest roads in its region, and once more, NKP's other stockholders may say no.

• **An Old Hand**—The man at the Nickel Plate wheel is a comparative newcomer to the railroad. He joined up in 1948 as executive vice-president, became its head about a year ago.

But when it comes to railroading, he's an old timer. He has been rail-

roading, in fact, since he left school in 1904. He knows the Nickel Plate region, too: From 1918 until 1940, he worked for one of its rivals, the Erie. Then he switched to Chicago & North Western, wound up at NKP.

NKP's stockholders aren't worried about White's ability to run their road. Right now, if anybody wanted to buy NKP, he would have to pay \$84-million for it.

## Billion-Dollar Club Remains Exclusive

The corporate Billion-Dollar Club didn't grow last year. The number of nonfinancial companies with net assets over \$1-billion is still 21, compared with 14 in 1946, and 12 in 1939.

One public utility holding company, Commonwealth & Southern Corp., was dissolved during the year. Pacific Gas & Electric Co.,

a utility operating company, came in.

The number of companies with annual sales over \$1-billion also stayed the same, though Gulf Oil Corp. was replaced by E. I. du Pont de Nemours & Co. There are 17 companies in this group, compared with eight in 1946, and only two in 1939.

	Assets as of		% Growth
	Dec. 31, 1949	Dec. 31, 1939	Since 1939
(In Millions of Dollars)			
Bell Telephone System.....	\$8,126	\$3,218	152.5%
Standard Oil Co. (N. J.).....	3,816	2,935	87.5
General Motors Corp.....	2,824	1,323	113.5
United States Steel Corp.....	2,556	1,769	44.5
Pennsylvania R.R.....	2,153	2,018	6.7
New York Central R.R. Co.....	1,775	1,631	8.8
Southern Pacific System.....	1,760	1,646	6.9
Standard Oil Co. (Ind.).....	1,551	723	114.5
Socony-Vacuum Oil Co.....	1,472	930	58.3
Texas Co.....	1,368	661	107.0
E. I. du Pont de Nemours & Co.....	1,305	736	77.3
Atchison, Topeka & Santa Fe Ry.....	1,295	1,116	16.0
Consolidated Edison Co. (N. Y.).....	1,255	1,024	22.5
Baltimore & Ohio R.R.....	1,219	1,110	9.8
Gulf Oil Corp.....	1,216	523	132.5
Union Pacific R.R.....	1,177	1,101	6.9
Standard Oil Co. (Calif.).....	1,158	629	84.1
Bethlehem Steel Corp.....	1,155	733	57.6
Ford Motor Co.....	1,149	692	66.0
General Electric Co.....	1,117	434	157.4
* Pacific Gas & Electric Co.....	1,068	657	62.5

	Sales or Revenues		% Growth
	1949	1939	Since 1939
(In Millions of Dollars)			
General Motors Corp.....	\$5,701	\$1,377	314.0%
Bell Telephone System.....	2,893	1,107	161.3
Standard Oil Co. (N. J.).....	2,892	934	209.6
* Great Atlantic & Pacific Tea Co.....	2,837	990	186.6
United States Steel Corp.....	2,292	846	170.9
* Swift & Co.....	2,213	757	192.3
* Sears, Roebuck & Co.....	2,169	617	251.5
Chrysler Corp.....	2,085	550	279.1
* Armour & Co.....	1,848	715	158.6
General Electric Co.....	1,614	396	307.6
Bethlehem Steel Corp.....	1,267	414	206.0
Socony-Vacuum Oil Co.....	1,227	496	147.4
Standard Oil Co. (Ind.).....	1,158	344	236.6
Safeway Stores, Inc.....	1,095	306	257.8
* Montgomery Ward & Co.....	1,084	475	128.2
Texas Co.....	1,077	365	195.1
* E. I. du Pont de Nemours & Co.....	1,032	299	245.2

\* Not in the club for year ending Dec. 31, 1948. \* For Dec. 31, 1948; 1949 figures not available. \* Fiscal years ended February, 1949 and 1940. \* Fiscal years ended October, 1949 and 1939. \* Fiscal years ended January, 1950 and 1940.

## Meat Looks Good

Armour bounces back in first quarter. Wall Street expects other meat packers to show gains. So stocks turn up.

Wall Street is paying more attention to the highly cyclical meat-packing stocks these days. Last week, Standard & Poor's index of meat-packing stocks stood at 145.9, close to its high for the year. It's up 37% since the June low last year.

One thing that made the Street prick up its ears was the fine report Armour & Co. made for the first quarter of its fiscal year, ending January 31. That fiscal year is common to the industry, though only Armour makes quarterly reports.

Armour earned nearly \$5.6-million in the quarter, compared with a loss of nearly \$2.9-million in the same quarter a year before. (It made only \$558,000 for the fiscal year ending October 31, 1949.) And its sales in the first quarter were \$404-million, about 13% below the earlier period.

All the major packers are doing pretty well, the Street thinks. One reason is that the long downtrend in hog prices stopped. As a matter of fact, both pork and beef prices have been strengthening this year.

The big reversal in Armour's earnings isn't exactly a surprise. A substantial part of its inventory is valued on the first-in, first-out method, which emphasizes price changes. Now that meat prices are rising, Armour's earnings would naturally show a big climb. Observers expect Cudahy Packing, which is entirely on the "fifo" basis, to show similar results next time it reports.

Earnings of Swift & Co. and Wilson & Co. probably won't fluctuate as much, since they rely more heavily on the last-in, first-out method of valuing inventory. This "lifo" method cushions the effect of price changes on inventory values.

## Ohio Rules Against Holiday Stock Issue

Financing plans for Holiday Brands, Inc., National Research Corp.'s newest venture (BW-Apr. 29 '50, p. 37), have run into trouble in Ohio. The State Securities Division there won't approve sale of the firm's Class A stock.

National Research Corp. is setting up Holiday Brands to make and market a crystallized soluble coffee developed in the course of its high-volume research. Otis & Co., Cleveland investment

## Sub-Hunting Seaplanes must be Rugged to be Right

*The Navy's new Martin P5M-1 is a tough customer—built to stand the pounding a seaplane takes in anti-sub operations from rough seas in dirty weather.*



**W**ITH their range and flexibility, seaplanes are potent weapons in our anti-submarine arsenal. Their job demands unusual strength in every part—plus excellent rough water characteristics. The new Martin P5M-1 has these qualities!

First postwar twin-engine flying boat developed for the U. S. Navy, the P5M-1 is built with extra toughness in hull, wing, tail, power plant installation and wing tip float. Its long after-body hull practically eliminates the conventional "step", makes landings safer and smoother without "skipping off", reduces pitching and bouncing even in rough water. And these same qualities make the P5M-1 ideal for air-sea rescue work, plus service as a cargo or general utility carrier.

The Martin P5M-1 combines the latest electronics and armament systems into a most effective weapon for the location and destruction of submarines.

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**Here's your best buy for 2, 3 or 4 stories**  
Oildraulic Elevators (passenger or freight) are designed for low-cost installation and economical, trouble-free operation. No penthouse or heavy load-bearing shaftway structure needed... powerful hydraulic jack supports car and load. Owners report savings up to 25% on installed elevator costs. Car sizes, capacities, and controls as required.

### Smooth, quiet Rota-Flow power

Rota-Flow, revolutionary new hydraulic power transmission system, eliminates vibration and "pumping" noise, and operates with greater efficiency than any other hydraulic power unit. Automatic floor leveling within 1/4 inch guaranteed, regardless of load size or rate of speed. Power used during rise only—economical.

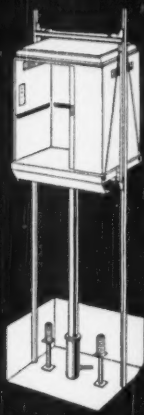
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PASSENGER OR FREIGHT



Over 50,000 Oildraulic elevators and lifts now in use... backed by Rotary's coast-to-coast service organization.

bankers, had asked the Securities Division to allow them to sell part of an issue of Class A stock in Ohio at \$3 a share. (Total Class A issue will be 600,000 shares; 285,000 shares of Class B stock will be sold to National Research at 5¢ a share.)

Ohio officials turned Otis down. They felt the provision that both classes of stock would be treated equally if the company liquidated was unfair to buyers of the Class A stock.

Ohio has a reputation for strictness in security regulations. It was one of the two states which wouldn't permit sale of the second issue of Kaiser-Frazer Corp. stock (BW—Feb. 2'46, p. 70). And it was one of about 19 states which turned down Tucker Corp. stock plans (BW—Jul. 26'47, p. 20).

## Insurance Feud

**Ohio insurance agents battle General Motors over its right to sell auto insurance through its dealers. It's an old fight.**

The Ohio Assn. of Insurance Agents is squared off against General Motors Corp. in a legal battle over who gets the insurance business on cars that GM sells in Ohio.

Up to now, GM dealers have been selling car insurance on the side. GM is the only car manufacturer that, through a subsidiary, Motors Insurance Corp., sells insurance coverage on the cars it makes. When a car sale is financed through GM's finance-company subsidiary, General Motors Acceptance Corp., the company offers physical damage insurance in a package deal. The GM dealer, who is also a licensed insurance agent, sells it.

• **New Law**—Naturally enough, Ohio insurance agents are disturbed that they don't get this business themselves. So not long ago they got the Ohio legislature to pass a new law (the only one of its kind in the U.S.), which provides that insurance agents can't use their licenses primarily to insure property that they or their employers own or sell. The law will get its first court test in the GM case.

• **Next?**—So far, other auto finance companies such as Commercial Credit Corp. and CIT Corp., haven't been affected by the new law even though they also offer packaged credit-insurance deals. The heat is now on GM. But the credit companies are now worried that they may become the next target should the courts uphold the Ohio law.

• **Old Feud**—Ohio agents have been after GM's Motors Insurance Corp. for a long time. The feud at times has

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even become a political issue. Several years ago, the state insurance superintendent ruled that his office would not license agents who were connected with the automobile sales business. GM lawyers fought this out in the courts, finally got a ruling that the superintendent had acted beyond his powers.

In 1948, the state insurance department started to license GM dealers again as agents for Motors Insurance Corp. So in the gubernatorial elections that year, Ohio insurance agents came out strong for the Democratic candidate, hard against Thomas J. Herbert, Republican, who was then governor—and who, they said, was responsible for licensing the GM dealers.

## FINANCE BRIEFS

Oil-industry earnings were off about 28% last year from 1948, according to Pforzheimer & Co., Wall St. oil specialists. Total net income of 53 oil companies was down to \$1.8-billion last year. It was \$2.5-billion the year before.

A bid to buy Schering Corp., the ethical drug company now held by the Office of Alien Property, will be made by a New York group—if SEC approves. Involved are U. S. International Securities Corp. (an investment trust), officers of Dillon, Read & Co., and two brokerage firms.

U. S. banks insured by Federal Deposit Insurance Corp. made \$831-million in 1949, only 8% below the record of 1945. They paid out about 43% of the profit in dividends.

Higgins, Inc., called for help from RFC. The New Orleans boat builder has lost \$6.6-million since the war, wants a loan to build up working capital.

The \$70-million stock issue proposed by the Bank of America (BW—Apr. 29 '50, p. 94) got an O.K. from stockholders at a special meeting.

Railroading paid less to the Union Pacific R.R. last year than its oil-and-gas operations and other investments. The road made \$21.7-million from transportation, \$34.8-million from non-railroad activities.

Small-business help: National City Bank will join other banks that are making more credit available for capital loans to small business (BW—Jan. 28 '50, p. 88). It will lend up to \$10,000, with monthly payments running for a three-year maximum.

# CRISIS in the AWFUSS\*

(No. 6)

OH GOODY! LOVELY  
NEW FILES!

YEAH! BUT WHERE'S THE CUTE FILE  
CLERK THEY SHOWED IN THE CIRCULAR?



\*An Awfuss is a place where business is misconducted

## NEW DURO-GUARD steel file

This file cabinet marks an achievement in design and construction—modern style, great strength and rigidity, smooth operation—to sell at a low price.

Mass production makes this possible. Traditional G-W quality is maintained—we're proud to place the G-W trade mark on this new product.

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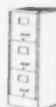


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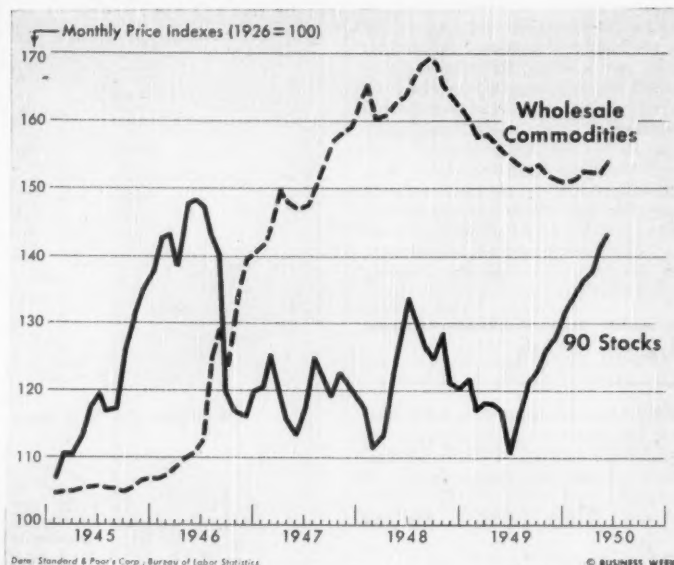
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# THE MARKETS



## Evil Omen for the Bulls?

Commodity prices are turning up again and that worries stock traders. They think stocks do best when other prices are holding steady.

Commodity prices may influence how long the bull market in stocks continues. Ever since last June, when the stock market started climbing, commodity prices have been unusually stable. Now they have started edging upward (chart).

Once upon a time, rising commodity prices would have been good news for the stock market. Stock prices and commodity prices usually moved the same way before the war. But that certainly hasn't been true since 1945.

• **Different This Time**—The postwar stock boom fell out of bed just when price inflation was getting started. Through 1947 and 1948, stock prices couldn't pick themselves up, while commodity prices hit all-time highs.

That pretty well finished off the pre-war argument that you should always buy stocks in an inflation. Theoretically, equities are supposed to rise in value when prices go up. They usually have in the past; so they have been a time-honored "inflation hedge." But investors who might previously have bought stocks on this theory (and thus boosted stock prices) stayed out of the postwar market in droves.

• **Unhappy Memories**—For one thing,

they couldn't help wondering if the experience of 1920-21 would repeat itself. Commodity price inflation, then, set the stage for what is still remembered as one of the most sudden and destructive crashes in history. The memory of that panic probably made many investors stay out of stocks in 1947 and 1948.

And there's another thing to remember: In these days of high, progressive income taxes, no hedge against inflation—either stocks or anything else—is going to give full protection. Even if the stocks you buy for this purpose do go up, the hedge is only partial: much of your gain is taken by Uncle Sam. And the higher your income, the more that is true.

• **Stability at Last**—In all, the stock market didn't make any real progress this time until the shakeout in commodities had come and run most of its course. Then, with commodity prices holding steady, Standard & Poor's 90-stock index ran up a gain of about 35 points almost without interruption.

With all this fresh on their minds, traders are watching the latest rise in commodity prices with an uneasy eye. But so far, they don't see much reason for serious worrying. There's nothing

in the price picture now that looks like a real inflationary spiral.

Very little of the rise in wholesale prices has spread yet to the retail level. Consumers are a lot better stocked up now than they were a couple of years ago, and there is more competition.

• **What Now?**—This cuts two ways, of course. It confines the price increases to a relatively limited area—the primary markets. But at the same time, it forces manufacturers to absorb the increased cost themselves. That could mean lower profit margins, which in turn might drag down stock market values.

However, in many companies, this

would be offset by an increasing percentage payout of earnings in the form of dividends. That would cushion the effect on the market.

A lot will depend on just how fast and how far the rise in commodity prices goes. Prices of farm products will probably level off when new crops come in this fall. But except for rubber, there are no new supplies available in most industrial raw materials. That's particularly true of the metals.

So if the U.S. economy keeps on chewing up raw materials at its present furious pace, wholesale commodity prices will keep on inching up.

## Working Capital Higher Than Ever

U.S. corporations came out of the 1949 recession financially stronger than they went in. Working capital of all corporations (excluding banks and insurance companies) rose \$2.9-billion during the year, according to the Securities & Exchange Commission's estimates. That brought total working capital to \$67.7-billion—the highest year-end figure on record.

But, says SEC, that wasn't the most significant development in the working capital picture. Working capital not only increased, but it shifted to more liquid form. Corporate holdings of cash and gov-

ernment bonds rose \$2.7-billion during the year, to add up to over \$40-billion. That figures out to 72% of current liabilities, compared with 61% at the end of 1948. In 1940, it came to only 45%.

Causes of the improved position aren't hard to spot. For one thing, inventories took a big drop—\$4.7-billion—in 1949. Notes and accounts payable were cut by \$3.4-billion. Receivables declined only \$400-million.

Here's SEC's report on the working capital picture over the last decade (in billions of dollars).

Current Assets						
	Cash	Government Securities	Receivables	Inventories	Other Current Assets	Total
Dec. 31						
1939	\$10.8	\$2.2	\$22.1	\$18.0	\$1.4	\$54.5
1940	15.1	2.0	24.0	19.8	1.5	60.3
1941	13.9	4.0	28.0	25.6	1.4	72.9
1942	17.6	10.1	27.3	27.3	1.3	83.6
1943	21.6	16.4	26.9	27.6	1.3	93.8
1944	21.6	20.9	26.5	26.8	1.4	97.2
1945	21.7	21.1	26.3	26.3	2.4	97.8
1946	22.8	15.3	30.7	37.6	1.7	108.1
1947	24.1	13.8	36.4	43.9	1.6	119.9
1948	24.0	13.9	38.7	48.5	1.6	126.7
1949	24.9	15.7	38.3	43.8	1.4	124.1
Current Liabilities						
	Accounts and Notes Payable	Taxes Payable	Other Current Liabilities			Total
Dec. 31						
1939	\$21.9	\$1.2	\$6.9			\$30.0
1940	23.2	2.5	7.1			32.8
1941	26.4	7.1	7.2			40.7
1942	26.0	12.6	8.7			47.3
1943	26.3	16.6	8.7			51.6
1944	26.8	15.5	9.4			51.7
1945	26.1	10.4	9.7			46.2
1946	31.6	8.5	11.8			51.9
1947	35.6	10.6	13.1			59.3
1948	37.1	11.6	13.1			61.9
1949	33.7	9.7	13.0			56.4
Net Working Capital						
Dec. 31						
1939	\$24.5		1945			\$51.6
1940	27.5		1946			56.2
1941	32.3		1947			60.6
1942	36.3		1948			64.8
1943	42.1		1949			67.7
1944	45.6					



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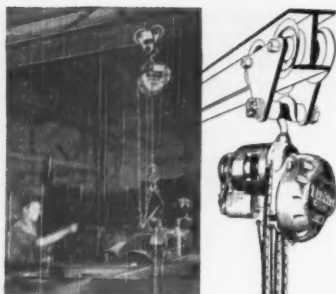
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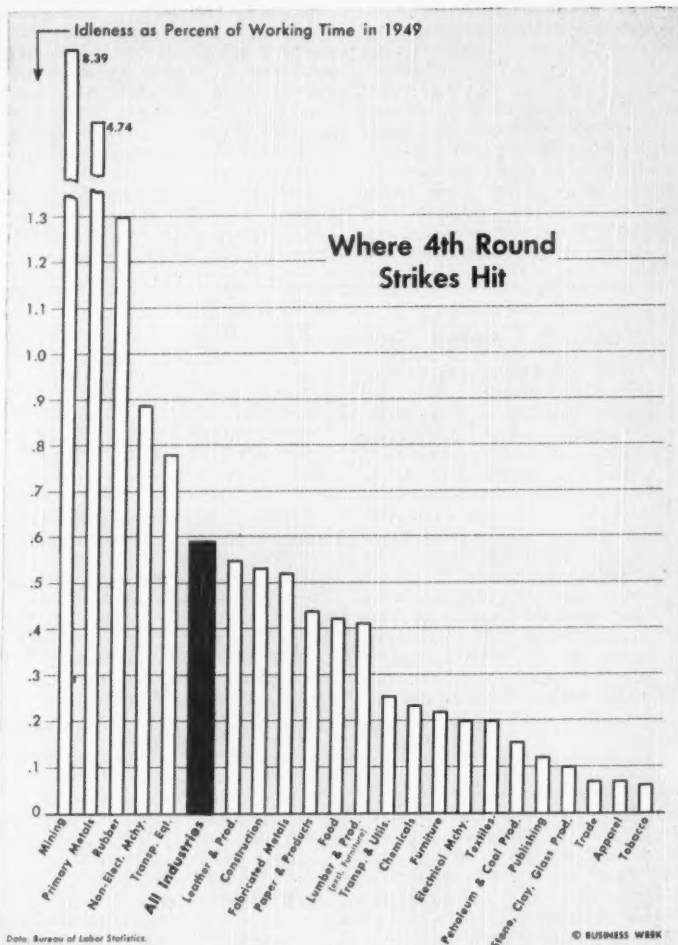
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# LABOR



## Fifth Round Steams Up

The end of the Chrysler strike last week closed out fourth-round contract bargaining. Meantime, the fifth round is already on. And now that General Motors and CIO's United Auto Workers are negotiating in earnest, it's gathering momentum.

• **Fourth Round**—The fourth was quite a round. It established the pension principle over a wide area. It set new high strike-loss figures in soft-coal mining. And while it didn't bring a record number of walkouts, those that occurred probably hit more industries than did strikes in any other 12-month period (chart, above).

• **Fifth Round**—Now the question is: What will the fifth round bring, peace-

fully or otherwise, to compare with the fourth? Here are the possibly important issues:

**Broadened pension plans**, boosting monthly retirement pay to \$125 or more each month, and requiring the same monthly payment from employers no matter how high federal payments may go. Most current plans call for \$100 monthly pensions, including federal social security.

**Work or wage guarantees**, to assure workers of more stable employment.

**Severance pay** for those permanently laid off or displaced by technological changes.

These issues may come up in GM bargaining, they're part of a 31¢ "pack-

age" demand filed by UAW (BW-Mar.11'50,p31).

• **GM Bargaining**—Anyway, bargaining at GM is bound to have a strong impact on other 1950 negotiations. For instance, terms pounded out between GM and UAW probably will be duplicated for GM's electrical workers—represented by CIO's International Union of Electrical Workers. If so, the fire will spread; IUE will then go after the same thing from other employers.

GM and UAW have been holding "exploratory" talks since Mar. 29, always at a leisurely pace. But last week, with the Chrysler strike over, the union began putting on pressure. It convened its national GM conference. Negotiators reported "no substantial progress" in talks with GM. So the conference authorized UAW to give GM a 30-day notice at the negotiators' discretion—and to follow it up with a strike vote.

• **Another Strike?**—It's obvious in Detroit that UAW has little stomach now for another tough walkout. It wants to settle peacefully with GM, if it can. But nobody doubts that UAW will get strike-tough if things come to a choice between that and a weak settlement.

Remember this: UAW wasn't crippled by the long Chrysler tieup. It still has a sizable strike fund left. And a well-filled war chest is tonic for any union's bargaining vigor.

• **Chrysler Setback**—UAW's determination to get good terms from GM results in part from this: The union didn't do well at all in the 99-day strike at Chrysler. It needs to recoup lost prestige.

Labor generally feels this way about UAW's Chrysler settlement terms: Militant unionism got results when John L. Lewis got tough with the coal industry—and came out with a 70¢-a-day pay hike, a 10¢-a-ton hike in employer payments for a welfare program, plus full control of the welfare fund.

But militant unionism lost ground when UAW's Walter Reuther tackled Chrysler and came out, at most, with comparatively scattered and puny gains.

• **Pluses and Minuses**—When Detroit labor relations men analyzed the Chrysler contract terms this week, they found that UAW got:

- A monthly checkoff of union dues—but not the union shop it demanded.
- A fully funded pension plan—but no guaranteed company contribution.
- A social insurance package costing Chrysler about 3¢ an hour—but it's a contributory plan, and employees must ante up about 14¢ an hour more.
- Wage hikes in 29 classifications—but only a relatively few will get raises.
- Seniority rights for workers during layoffs, continuing for a period equal to their total seniority.

The new contract runs for three years. It can be reopened on economic matters after July 1, 1951, and July 1, 1952.

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**You add profit without production problems when Reynolds makes your aluminum stampings and other formed parts**

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WITH  
**Bag Boy**



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The new, the really modern way, to play golf is to use a Bag Boy. Bag Boy rolls smoothly over the fairway.

Spring mounted knee-action wheels with air cushion tires absorb fairway shock. Bag Boy keeps your bag off the ground and your clubs at your finger tips. Takes the work out of golf. At leading stores and pro-shops. \$29.50, (Deluxe \$34.50). Send for illustrated booklet *How to Enjoy Golf*: Jarman-Williamson Co., 601 N.E. 28th Ave., Portland, Ore., or 431 West Pershing Road, Chicago 9, Illinois.



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*The most complete line available*

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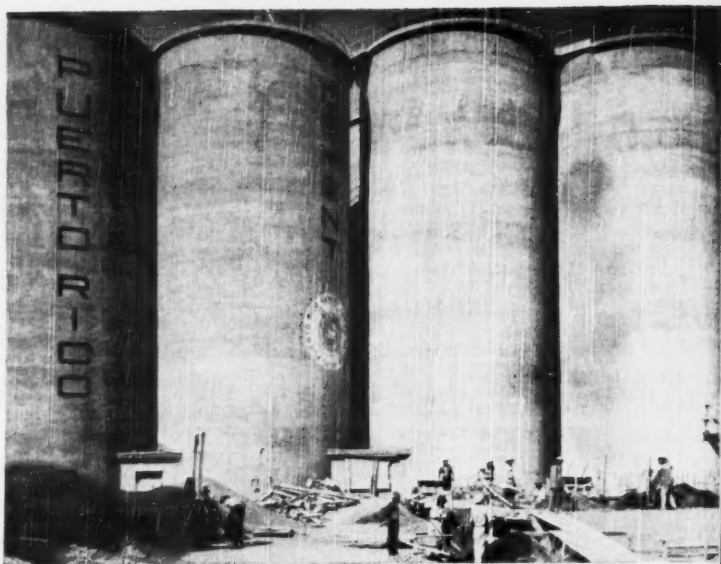
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*Direct...Thorough...*

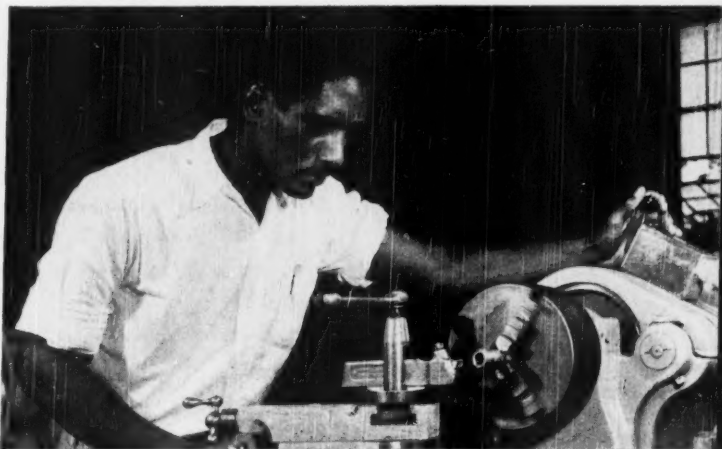
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**GOAL** for Puerto Rico is to get new industry such as this cement mill to set up on the island. The job entails some major economic and social changes for the territory.



**MECHANICAL SKILL** is most in demand. Industry is reluctant to move into P.R., unless skilled labor is available. But it takes industry to train workers.

## Puerto Rico Reaches

The U.S. Territory of Puerto Rico—most stable and prosperous economy in the Caribbean—must live within American law. But a minimum wage of 75¢ an hour (the U.S. Law) would bankrupt the island's industry and stifle its commerce. Congress was aware of this when it wrote into the wage-hour act a provision that special substitutory wage minimums could be set for territorial possessions. The minimums that are set for Puerto Rico may well determine

whether the island slips back into poverty and complete economic dependency or whether it continues its advance toward self-sufficiency.

William R. McComb, wage-hour administrator, is now tackling the problem of Puerto Rican wage levels. Recommendations of special industry committees which studied the island's problem on the spot are being analyzed in Washington. And another committee, which will report on other Puerto





**HANDWORK**, however skilled, is no longer enough to sustain the island's economy.



**TRAINING** on the job is effective with Puerto Ricans. They are quick to learn.

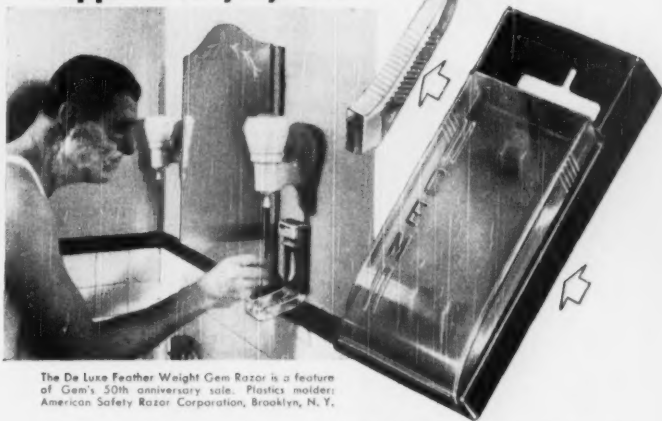
## for Industry

Rican businesses, is on its way to the island.

• **Labor Market Problem**—The Puerto Rico problem has been simple to describe, difficult to solve. In large part, it is a labor market problem: There are too many workers with too few skills, too remote from centers of production and distribution.

Economic advances in Puerto Rico have not kept pace with advances in public health. Until fairly recently, the

## To shave production costs **GEM** used Koppers Polystyrene



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26-49



**PUBLIC HEALTH** programs have lowered Puerto Rico's death rate, without reducing the high birth rate. Result: more mouths to feed, and not enough jobs to feed them.



**UNEMPLOYED**, a result of overpopulation, now total between 80,000 and 90,000. Mounting pressure makes government's bid for new industry even more urgent.

death rate kept an inordinately high birth rate from overpopulating the island. Then, in the 30's, American medical science moved in. Today, the death rate in Puerto Rico (10 per 1,000 per year) is lower than in some states of the union. But the birth rate (40 per 1,000 per year) stays high. Efforts to introduce birth control have been frustrated by opposition on the U.S. mainland. The result is that 17,000 workers a year are added to the Puerto Rican labor market, which already has 80,000 to 90,000 "permanently" unemployed.

• **Skill Wanted**—The lack of modern work skills in Puerto Rico is the result

of the vicious circle that operates in most undeveloped areas of the world. Because there is not enough skilled labor, industry doesn't come in; and because industry doesn't come in, there isn't enough skilled labor.

Puerto Ricans show an above-average aptitude for learning skills. But the island's schools and colleges can build only insignificant quantities of skilled manpower. Industry must do the real job.

Puerto Rico's remoteness from raw material and distribution centers may not last forever. Someday, it may be easier to ship southern cotton to Puerto Rico than to New England. And some-



LABORATORY technician saves lives. But it takes new industry to give them work.

day, as the Caribbean and Latin American market grows, San Juan may be an ideally located distribution center.

• **Wages**—But the biggest question mark right now is wages. If the P.R. wage minimums are set high, the island's program for industrial expansion may be nipped in the bud.

Under the 40¢ statutory minimum, which prevailed until the 1949 amendments were passed, P.R. had a very sizable advantage. P.R. minimums ranged from 15¢ to 40¢. What is more, Puerto Rico's legal minimum was its actual wage. On the mainland, the 40¢ minimum was far below actual wages by the end of the war. The raise to 75¢ therefore affected comparatively few employers in the continental U.S.

Vegetable, fruit, and nut packing and processing, for example, (a potentially important P.R. industry) had 15¢, 16¢, and 18¢-an-hour pay minimums under the pre-1949 law. When the wage minimum was upped to 75¢, it made no noticeable change in labor costs in this industry in the states. But in P.R., a committee has recommended that the minimum be raised to 30¢ in this industry under the terms of the new law. That would almost double labor costs.

• **Recommendations**—So far, industrial committees, all of which are tri-partite (composed of representatives from unions, employers, and the church or universities), have made these recommendations for wage minimums to the administrator:

Chinaware, 50¢; pearl buttons, 46¢; metal and plastic jewelry, 45¢; cotton ginning and compressing, 30¢; handloom textiles, 25¢; hard fiber products, 32½¢; general textiles, 30¢; bakery products, 35¢; clay products, 50¢; shipping, 75¢.

• **Hearings**—The wage-hour administrator in Washington will submit these

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recommendations to a public hearing. Any objector will be heard then.

In the end, it is up to William R. McComb, the administrator, to put the new wage rate in effect and see that it is complied with. Some of the best opinion in Puerto Rico is that he holds the island's future in his hands.

• **"Bootstrap"**—But for the present, P.R. is fighting, and fighting hard, for commercial recognition.

The well-advertised "Operation Bootstrap" is the island's program for getting that recognition. Some of the local rum people call it "Operation Blackstrap"—a reference to the fact that it is financed out of rum taxes collected in the U.S. and refunded to the P.R. government (blackstrap molasses is the raw material for rum).

"Bootstrap" concentrates on promoting the attractions of Puerto Rican loca-

tions for American industry, and on helping companies interested in operating there.

The help offered is very real. An American company locating a unit in the territory gets a 10-year exemption from all taxes: federal, territorial, and local. It may get some free land or attractive leasing. It may get a loan.

• **Pioneer**—So far, Textron is the most important U.S. company to find enough in P.R. opportunities to build a plant there. A gray-goods mill especially built for Textron is coming into production now. Its operations have been slowed by the state of the U.S. textile market which slackened considerably since the Puerto Rican project was blueprinted.

Other companies, however, are actively interested, and "Bootstrap" hopes to be able to announce a spate of closed deals before the year is out.

# Bridges to the Woodshed

And if CIO board applies the whip by expelling him and his union, it may hurt CIO more than it does him; winning Bridges' men to new union would mean hard fight.

Harry Bridges, the shrewd, left-wing boss of the International Longshoremen's & Warehousemen's Union, will stand his second trial within six months next week in Washington.

He and his union will go before a three-man CIO board to face charges of "consistently pursuing policies and activities directed toward the achievement of the program or the purpose of the Communist Party."

If convicted, the ILWU can be expelled from the CIO, and Bridges from the CIO's international executive board. After a five-month criminal trial in San Francisco, the union leader was convicted of perjury a few weeks ago. The federal court jury found that Australian-born Bridges lied when he swore in naturalization proceedings that he had never been a Communist.

• **Hurt All Around**—The Washington sessions will be just as painful for CIO as for Bridges. ILWU has long been the CIO bulwark on the West Coast. Losing it will make many a stolid union man shudder.

One thing is certain, though. The decision is bound to shape Bridges' future in American labor, and the future of Pacific-port peace, now 16 months old.

In the hearings, the CIO will be pressing its program of ousting Communist-dominated unions. It has already kicked out the United Electrical Workers, the Mine, Mill & Smelter Workers, the Farm Equipment Workers, and the Food, Tobacco & Agricultural Workers. It plans, later this

month, to boot out an ILWU satellite, the Marine Cooks & Stewards, and the International Fishermen & Allied Workers.

CIO is also committed to doing something about ILWU. But its final decision must take into account the unique position of the union and its long-nosed leader.

• **Militant Core**—Since its birth in the bitter, bloody San Francisco dock strike of 1934, the ILWU has been the core of militant trade unionism in the West. Bridges was one of the CIO's founding fathers, and its leading spokesman in the area.

The ILWU has lent active support to the organization and growth of other CIO unions. And Harry Bridges is the man whom labor credits, more than any other, with improving the lot of the longshoreman.

But Bridges and his general staff have hewed closely to the Communist line, following its tortuous paths and abrupt switchbacks like bloodhounds. Since the war, when the Communists rejoined the main line after their wartime detour, Bridges' continued espousal of Communist causes deepened the rift between himself and the CIO. This culminated in his defiant support of Henry Wallace in 1948, his loud opposition to the Marshall Plan, and his increasingly rebellious attitude.

• **Loyalty**—Through it all, Bridges' longshoremen and warehousemen have been, and generally still are, loyal to their leader. There is a relationship transcending politics, for a large ma-



majority of the men are believed to be non-Communist, if not actively anti-Communist.

True, opposition to Bridges' policies has grown in the last three years. Local 10, his home local on San Francisco's Embarcadero, is led by a right-wing group that has fought him on an intra-union level, but never publicly rebelled against him.

But despite opposition, there seems little doubt that ILWU will follow Bridges if the union is expelled from CIO. At the moment, there isn't any place for them to go, even if they wanted to.

• **No Haven**—The CIO apparently has done nothing, so far, to provide a new union for expelled longshoremen. And waterfront management, despite its past experiences with Bridges, is in no hurry to break its current contracts. Nor will it encourage the entry of another union, for fear that labor peace will end in jurisdictional war.

Another fear stems from AFL. For several years, powerful Dave Beck and his teamster's union, abetted by the AFL scamen's tough Harry Lundberg, have waited to move in and capture the CIO maritime unions. They are now making their entry.

Although he has one long-established warehouse local in San Francisco, Beck chartered a new one, Local 12, to spearhead his drive on Bridges. Last February, in anticipation of the May 31 expiration of warehouse contracts, Beck began absorbing into Local 12 some dissident members of Bridges' Warehouse Local 6. He was stymied when the warehouse management association signed a three-year contract renewal with the ILWU. Since then, there have been brief outbreaks of violence, and truck traffic to the Oakland docks has been tied up in jurisdictional disputes. Beck is still very much in the picture.

• **Dilemma**—This is the CIO's dilemma: • It can expel the ILWU, with its 65,000 militant members. It can use the time between now and when contracts run out to organize a new union and induce ILWU locals to switch to it. The ILWU, in that event, would probably remain independent and affiliate itself with a loose confederation of left-wing CIO-outlawed unions.

• Or—and this is a possibility touted on the West Coast—the CIO can temporize by kicking Bridges off the executive board. It would keep ILWU in the fold and wait until contract renewal time to push for control of the union.

In either case, CIO will still have to deal with Harry Bridges. Though sentenced to five years in prison for perjury, and facing deportation when his time is served, Bridges still has at least a couple of years of freedom ahead of him while his case is in the process of being appealed.

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# T-H Oath Upheld

Supreme Court rules Taft-Hartley non-Communist oath constitutional. Justice Dept. action against false affidavits due.

The non-Communist oath requirement in the Taft-Hartley law is constitutional.

The Supreme Court so ruled this week in the most important court decision on T-H so far. It rejected CIO arguments that T-H oaths interfere with the constitutional right of freedom of speech, assembly, and belief. And it held that those who would subvert the public interest mustn't be allowed to use union activities for camouflage.

• **Hottest T-H Issue**—The T-H non-Communist oath requirement has been one of the law's hottest issues for three years. It says this: Before any union can use the facilities of the National Labor Relations Board, all its officers must swear they're not Communists and don't believe in, belong to, or support any organization seeking to overthrow the U. S. government by force.

Even the staunchest right-wing labor leaders balked at signing the oath in 1947. But since then, out of necessity, most union officers have complied. By the end of April, affidavits were on file from 2,444 officers of national unions, 106,000 officers of locals. Only big holdouts were John L. Lewis and Woodruff Randolph, president of the AFL's printers' union. Most leaders in labor's left-wing fringe have signed up, too.

• **A CIO Fight**—Although all unions have opposed the oath requirement, CIO was the one to press it in the courts—and did so twice. It had more reason to; in 1947 and early 1948, CIO still had a Communist problem.

CIO president Philip Murray took one to the highest court. He appealed an NLRB decision that Inland Steel didn't have to bargain because Murray hadn't signed a non-Communist oath.

CIO's American Communications Assn., a left-wing union, took the other case to the Supreme Court. ACA—which now faces expulsion by CIO—said that an NLRB action barring it from an election ballot was an infringement of the Bill of Rights.

Six justices took part in the decision. They decided (five to one) that Congress had a right to require the oaths to protect the public against "evils of conduct." They split three to three on whether union officials could be required to forswear "belief" in communism, as well as membership in the party. Still, this tie left the whole T-H clause in effect.

• **What It Means**—The fact that most

labor leaders have now signed oaths doesn't make the court decision meaningless. Far from it. The Justice Dept. now has in its files 70 cases of union officers suspected of having made false affidavits. It has been marking time on taking action on them—waiting for a high court decision.

Now that it has come, Justice action will follow in short order.

## Other Decisions

The Supreme Court handed down some other decisions affecting labor this week. It declared invalid a section of Michigan's Bonnie-Tripp Labor Act which requires a majority vote of workers before a union can strike. The state law conflicted with T-H.

The court also upheld picketing laws in California and Washington. One decision denied a union's right to picket two used-car dealers to force them to observe closing days and hours set by an association of 115 other dealers. Another said a union can't post pickets to force an employer to sign with the union after his employees had voted against the union. Another decision ruled against a union's right to picket a store to force it to hire Negro clerks in proportion to Negro customers.

## LABOR BRIEFS

A split union for two years—that's the outlook for CIO's textile workers. President Emil Rieve's move to oust his executive vice-president, George Baldanzi, backfired last week. Baldanzi was elected easily.

• **Unemployment benefits** continue to drop, as employment keeps rising. Only 5.6% of workers covered by state jobless insurance collected benefits the first week in April. That compares with 6.7% in March, 7.1% in February.

• **The Plaskon settlement** without a pension plan kills off the UAW's drive in Toledo for areawide pensions (BW—Oct. 29/49, p100). Plaskon, a division of Libbey-Owens-Ford, signed for a company-paid insurance plan and incentive pay.

**The Pictures**—Cover by Dick Walters. Black Star—124; Mary Flaherty—71, 72, 73, 74, 77; Harris & Ewing—32; Keystone—26 (bot. lt.); McGraw-Hill World News—24; Homer Page—84, 85; Gov't of Puerto Rico Charles Rotkin—110, 111, 112, 113; Sam Vandivert—121, 122; Wide World—21, 54; Dick Walters—22, 23, 80.

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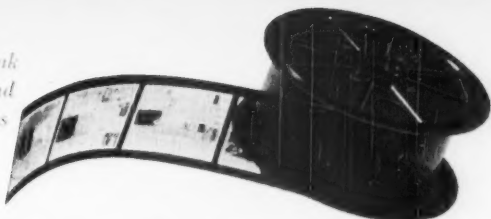


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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

MAY 13, 1950



The Administration is launching a drive to sell the public on a bigger U. S. role in the cold war.

President Truman keynoted his current "nonpolitical" tour with an attack on isolationists.

State Dept. officials will follow up with some blunt sales talk of their own. They want to prepare the public for broader U. S. stakes, both in the Atlantic community and in southeast Asia.

Truman is making foreign policy a big issue for the fall elections. That will probably bury bipartisanship for good.

But many officials think a showdown now is worth it. They think U. S. prestige in the world has been badly shaken in recent months by actions on Capitol Hill.

For instance, last week, the Point 4 program squeezed by the Senate by just one vote. Only a tie vote prevented a half-billion cut in the Marshall Plan. Then there are signs of an isolationist trend—plus the continued rough-riding of the McCarthy forces.

Decisions made at the London conferences will need a lot of selling here at home in the next few months.

True, London won't produce any dramatic new U. S. policy right away. But the conference will result in greater U. S. cooperation with other nations than ever before. The public will be asked to shelve for good the traditional U. S. attitude of living alone and liking it.

The selling job is off to a poor start. So far, the State Dept.'s cautious line hasn't done much to change the gloomy atmosphere in Washington.

The Atlantic Pact meeting at London will set up a new political committee. Its job: to get budget-conscious finance ministers to see eye to eye with defense-conscious military leaders.

So far, all the machinery in the pact is for military purposes.

But neither the U. S. nor the Europeans have ever considered the pact a pure military alliance. For military alliances alone in this day and age don't mean anything; they need political and economic implementation.

Another new committee will probably come out of London. It would be set up by the Big Three foreign ministers to coordinate western policies in areas not covered by the pact.

This committee could well be the nucleus of a broader Atlantic community into which such related parts of the world as the British Commonwealth, western Germany, and non-Atlantic Pact nations like Sweden and Switzerland could be fitted.

Western Germany proves the need for such an organization.

The Bonn regime can't join the Atlantic Pact now—even if the members were willing to vote it in. We are still at war with Germany. No peace treaty is in sight. Nor is there a prospect of one as long as Germany remains divided.

U. S. policy of "integrating" western Germany into western Europe is no longer considered enough. Something more is needed to overcome French fears and make the Germans believe their future lies with the West.

So all signs point to taking western Germany into a new Atlantic organization.

The French proposal for a Franco-German coal and steel pool isn't

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MAY 13, 1950

meant as a substitute for an enlarged Atlantic setup. Just the contrary. Foreign Minister Schuman's pool idea is an answer to U. S. complaints that western Europe is stalling on economic unity. It's meant to induce Secretary Acheson to buy Schuman's Atlantic "High Council."

Also, the French want Acheson to commit the U. S. to heavier spending on Atlantic defense.

•  
There's danger of overrating Schuman's coal and steel plan from the economic angle.

The scheme is really not as revolutionary as it sounds. European coal and steel experts have been talking for over a year about private cartels or inter-governmental agreements for these two industries.

All the French are proposing is a giant cartel run by governments.

•  
Private French steel interests are sure to howl.

It's estimated that under Schuman's scheme, Germany would get 30% higher production quotas than France. That means the least efficient French producers would be doomed, whereas under a private cartel they might survive.

Still, the chances are that the pool plan will be adopted. Chancellor Adenauer says west Germany will go along.

•  
Diamond prices are to be propped up for another six years. That's the decision of the diamond syndicate headed by the de Beers combine of South Africa. "Orderly marketing" is the phrase the producers use. In plain English, that means stockpiling the stones to maintain prices.

All the African producers are in on the deal—including the Belgian Congo and Portuguese Angola. Thus the syndicate can easily control output.

•  
Moscow is pressing India to be completely neutral in the cold war.

You can see this in Prime Minister Nehru's warning that India will fight Russia's exclusion from the United Nations.

Further evidence: It was Nehru's pressure which recently led Indonesia to send a mission to Moscow to ask for diplomatic recognition.

Russia's next move may be to ask Nehru for a Russo-Indian neutrality pact. If Nehru agrees to that, just about all the props would be knocked from under U. S. policy in Asia.

•  
London's gold reserves are still growing. The midyear figure may top \$2.2-billion. That would be a healthy sign. But it won't put Britain in clover. Experts in London figure the sterling area needs reserves of \$5-billion to \$8-billion before London will be ready for dollar-sterling convertibility.

•  
The U. S. Council of the International Chamber of Commerce thinks the U. S. ought to take to bilateral trade.

Not British style, of course. The council believes the U. S. should select, for bilateral agreements, nations willing to meet our specifications for freer trade and investment outlets.

The U. S. would grant these nations special concessions. From a network of such agreements, the council sees a reasonable chance that multi-lateral trade could be restored on a large scale.



# BUSINESS ABROAD



**FIRST-NIGHTERS** look over gold and silver jewelry. Fair's most dazzling exhibit was mounted by Amsterdam diamond craftsmen.



**NEXT DAY**, whole families trooped into Gimbel's. Besides consumer goods, there are painting, puppet shows, and folk music.



**DUTCH TELESCOPE** has a new mirror system that cuts size and weight. Cost: \$45.



**ROPE AND CABLE MAKER** has display, too. But most items are for the household.



**PHILADELPHIANS** didn't just look, kept Dutch salespeople busy with their buying.



## Dutch Dollar Fair at Gimbel's

Tulip time came to Gimbel's Philadelphia store last week. And with the rows of tulips came a million-dollar exposition of Dutch goods—everything from diamonds to toothpaste, from telescopes to cheese.

• **Smart Business**—The Dutch are out to earn dollars, and to do that, they have to get U.S. shoppers interested in their wares. So they brought a smartly packaged trade fair to the U.S. and set it up in the middle of a busy Philadelphia department store. That way,

the Dutch can find out which of their products will go over in this country—and at the same time pick up merchandising skills in styling, packaging, pricing.

Even Bernhard, Prince of the Netherlands and honor guest at the fair opening, turned into a merchandising man. He said, "If you like something in the fair, tell your friends. If you don't like it, tell us."

• **Smart Promotion**—The idea for the fair came when Arthur C. Kaufmann, ex-

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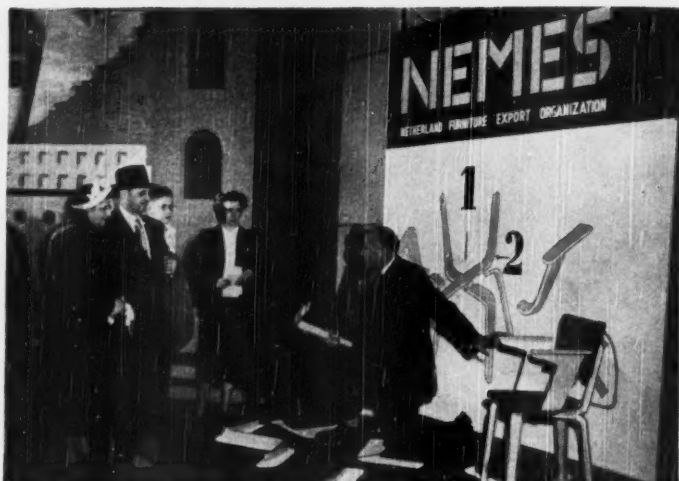
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NEW ADDRESS .....



**FURNITURE** is one high-cost item—this chair costs \$57.95. Hollanders are aiming for quality market, don't believe their goods compete with U. S. products.

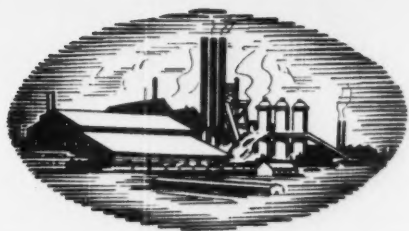
executive head of Gimbel's Philadelphia, visited Holland last January as a guest of the Dutch Ministry of Economic Affairs. He was soon convinced that the Dutch were turning out a lot of quality consumer goods that had a good chance of selling in the U. S. He knew that Gimbel's could boost its own business and—at the same time—help the Dutch put their goods before the American public.

The Netherlands Trade Commission and the Dutch manufacturers took over from there. In Holland, they assembled the merchandise and built the displays, then shipped the entire fair (along with salespeople to man it) to Philadelphia. Gimbel's made available 30,000 sq. ft. of floor space, 50 street floor display windows, and all the publicity that publicity-minded Gimbel's could drum up.

All the money taken in from the sale of goods will go straight to the Netherlands Trade Commission, to help defray the cost of the fair. And right now, it looks as if the Dutch will do all right. On Saturday, the fair's first day, more than 15,000 persons mobbed Gimbel's. And the Philadelphians weren't just looking, says Gimbel's. At the end of the day, the shelves had such a dent in them that the Dutch sent for more merchandise. Gimbel's probably did, too. • **Road Show**—At first, the Dutch thought they might carry the exposition to other cities after it winds up in Philadelphia on June 3. Now, however, they're counting on out-of-town buyers to spread the good news. But the Dutch have more ideas: From Amsterdam comes word that a traveling exhibition for the U. S., with movie theater and restaurant, is in the works.



**FAIR PREVIEW** was star-studded. Left to right: Bernard Gimbel, head of Gimbel's, Inc.; New Jersey Gov. Alfred Driscoll; Prince Bernhard; Arthur Kaufmann, Gimbel executive; ECA Administrator Paul Hoffman; Dutch Ambassador E. N. Van Kleffens.



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And here's another phase of the miracle that went hand-in-hand with these and the myriad of intertwined technological advances—ranging from the radio telephone and Bakelite to the X-ray tube and teletype . . . and to atomic energy and its untold potentialities.

- ★ Since 1900 we have increased our supply of machine power  $4\frac{1}{2}$  times.
- ★ Since 1900 we have more than doubled the output each of us produces for every hour we work.
- ★ Since 1900 we have increased our annual income from less than \$2400 per household to about \$4000 (in dollars of the same purchasing power), yet . . .
- ★ Since 1900 we have cut 18 hours from our average work week—equivalent to two present average workdays.

How did we do it? The basic cause for this composite miracle has been the release of human energy through FREEDOM, COMPETITION and OPPORTUNITY. And one of the most important results is the fact that more people are able to enjoy the products of this free energy than in any other system the world has ever known.

THIS IS THE MIRACLE OF AMERICA . . . it's only beginning to unfold.

*Published in the public interest by:*

## BUSINESS WEEK



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HE FEELS  
*Fit...*



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WORKS COUNCIL MEMBERS at Krupp, averaging 27 years' service, want to be heard.

## Works Council: Bonn Dilemma

Workers want too big a voice in business, say West German industrialists. Give us a chance and economy will be stronger, say trade union leaders. Bonn government could crack over issue.

FRANKFURT—West German businessmen have a severe case of jitters. They have visions of trade union leaders sitting with them on the boards of directors of every German company—vetoing their policy decisions and generally running German business to rack and ruin.

As German management men see the situation, the old German institution of works councils is getting completely out of hand (BW—Dec. 31 '49, p. 57). In the past, the works councils, elected by plant workers, have merely presented workers' views on welfare and wage problems. Now, however, industrialists are sure that the trade unions want to be "full partners" in business—with an equal voice in almost every management decision. Dr. Helmut Krengel, public relations director for the West German Employers Assn. (Germany's NAI), summed up the management attitude when he warned that the "trade union, as 'full partner' in German industry, is imminent and can spread throughout the industrial world with an immediate effect on democratic business principles."

• **Jolt**—German businessmen wouldn't be so worried if they thought the U. S. would fight this development. But U. S. High Commissioner McCloy gave them a jolt a few weeks ago when he reinstated two state works council laws—those of Hesse and Wurttemberg-Baden—that had been suspended by his predecessor, Gen. Lucius Clay. McCloy insists that Chancellor Adenauer's Bonn government has had plenty of time to attack the problem by drawing up a federal labor law—to cover all of Germany. Moreover, says McCloy, the U. S. can't go on blocking legislation that a state has democratically passed under its constitution. German businessmen shudder at the thought the Hesse law might become a pattern for a federal labor law. In Hesse, the works councils have an absolute right to a voice in company policy; in case of a labor-management stalemate, a case goes to arbitration. In Wurttemberg-Baden, on the other hand, the law requires only that the works councils have a chance to speak their piece before management acts.

• **Deadlock**—When McCloy's action came, labor leaders and employers were virtually deadlocked over efforts to draft a federal law. They could agree only on setting up federal and state economic councils, representative public bodies that could advise on labor legislation. Employers hoped the economic councils would put off labor's demand for "full partnership," and that the works councils would stick to their present knitting—personnel problems. But labor wouldn't bite.

Right now, negotiations are continuing only halfheartedly and with little chance of success. The Adenauer government feels that McCloy was un-



reasonable to expect it to deal with such a tremendous issue in the time it has had. And the industrialists are bitter because they feel that McCloy is too much on the side of labor.

The result is that the Federal Labor Minister, a member of Adenauer's Christian Democrat party, will have to draft a compromise law. His dilemma: If the law doesn't give labor enough say, it won't get the support of the Social Democrats or of the left wing of his own party; if the law is too much on labor's side, it won't get support from the right-wing parties in Adenauer's coalition. A serious split over the works councils could break up the Bonn government.

• **Workers' View**—The trade union attitude is colored by these basic ideas:

(1) German workers seem to have lost faith in management as a class. They feel that giving workers a voice in business decisions would insure greater stability in times of economic stress and strain; it would also serve as a good antidote to communism. Unions say it might block the tendency of some industrialists to play ball with the Soviets.

(2) Trade union leaders feel that here's a chance to broaden German management's "narrow outlook." Giving the worker a voice might encourage businessmen to view wages in terms of purchasing power, instead merely as an annoying and unavoidable factor in the cost of production.

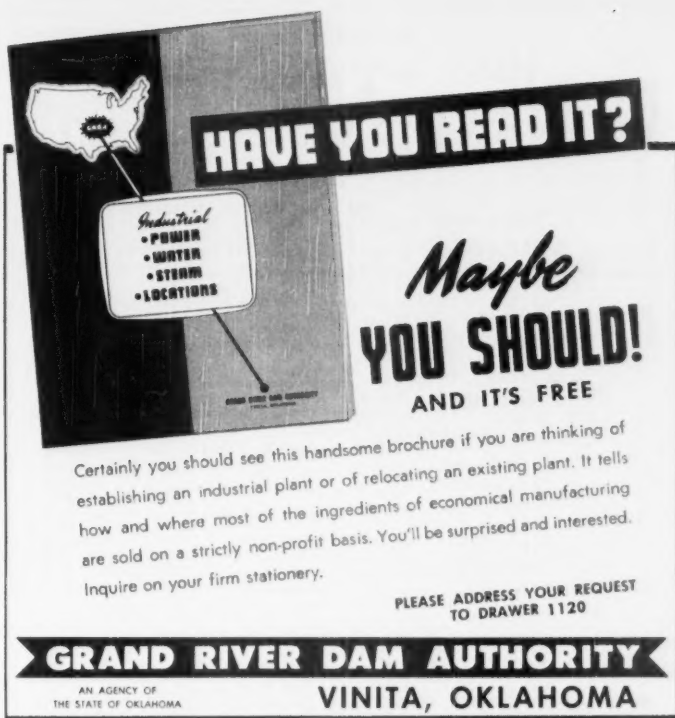
(3) Trade union leaders feel, too, that productivity will improve if they have a greater stake in an enterprise, and can get management to adopt new ideas.

But labor is willing to admit two fundamental weaknesses in the "full partnership" scheme. First of all, the trade unions realize that the stronger labor's participation, the stronger its responsibility for the success of an enterprise. That could make labor's position pretty awkward in time of depression. Secondly, labor knows that the works councils are fair game for Communist infiltration. Back in the troubled days of 1947, Communists manned two out of every three seats on the works council at Adam Opel A. G., a General Motors-owned German auto maker. Now, there are only two party members on the 26-man council.

Still labor believes that the advantages of joint policy determination outweigh the risks—and it will continue to press for the best possible terms.

• **Cramp or Cripple?**—The industrialists, however, are inclined to work themselves up by picturing the worst that could possibly happen. They're talking almost hysterically about a half-and-half board of directors in every factory, with labor causing continual stalemates without means of appeal.

It's true that a strong federal works



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council law would cramp management's style, but it probably wouldn't cripple it. Only the strongest type of works council law could give labor such control.

It's unlikely that any federal works council law would be as strong as the law of Socialist-run Hesse. More probably, it would give workers only the right to be consulted on certain company policy decisions—something nearer the Wurttemberg-Baden version.

• **Reasonable Approach**—Observers expect a reasonable approach to this legislation problem for two reasons:

(1) German labor leadership is conservative by nature. It doesn't want an actual management role for the works councils. Instead, it wants a means by which labor can legitimately attempt to influence management's decisions as a matter of principle.

(2) German labor realistically recognizes that, in practice, workers are unqualified to deal with—or even follow—day-by-day managerial functions; they hope only to influence broad policies.

There's one angle that's puzzling labor and industry alike: Will federal works council legislation completely supersede existing state legislation? If the country could have both, it's likely that Hesse, and probably a strong labor area like the Ruhr province of North Rhine-Westphalia, would have laws much stronger than the federal statute. But right now, most observers believe that the German bent for strong central power will result in a federal law as the last and only word on the subject.

• **Nationalization**—What happens to the works councils has an important



SPOKESMAN for German employers is Dr. Helmut Krenzel. He fears "devastation."

bearing on the drive for nationalization of Ruhr coal and steel. This drive is powered by the Socialists and the left-wing Christian Democrats.

The U.S. has infused new life into the program for breaking up the big coal and steel combines. It has brought top-flight antitrust lawyers to Germany to implement the final phase of deconcentration. And it looks as if a new pattern of independent enterprise will begin to emerge this year.

So, theoretically, these two factors—deconcentration and increased worker participation in industry—could be an answer to the nationalizers' chief talking point: that management in basic industry has too much power and is untrustworthy.

## BUSINESS ABROAD BRIEFS

**A know-how pact**—to run 12 years—has been signed by Arco Steel and Italy's Finsider Steel Corp. Arco technicians will go to Italy; Italian workers will come here. Arco will advise on a \$100-million strip steel mill at Genoa, as the first project.

**Tariff cuts** are coming this month on butter, olive oil, and lemons. Denmark and Italy will benefit most. In return, they will ease restrictions on some U.S. manufactures.

**Brazil** is getting TV-conscious. The government Bank of Brazil has announced it will consider licensing imports of television transmitting and receiving equipment.

**Japanese trade-promotion offices** will open in New York, San Francisco, Los Angeles, Seattle, and Honolulu. Their staffs will also handle citizenship and property problems of Japanese living in the U.S.

**The Comet**, the four-jet airliner built by Britain's de Havilland, has set two more intercity speed records: London to Cairo (2,183 mi.) in 5 hr., 10 min.; Cairo to Nairobi (2,196 mi.) in 5 hr., 15 min.

**Tourists** can now buy more in Britain without paying the stiff British sales tax. The Board of Trade has upped the tourist exemption from \$280 to \$504, hopes to trap more dollars.

**U.S. imports** in March bounced to the highest monthly figure since December, 1948—\$663-million. That's 20% above the 1949 monthly average. Exports, at \$867-million, were 13% under last year's monthly average.

## ADVERTISERS IN THIS ISSUE

Business Week—May 13, 1950

THE ADVERTISING COUNCIL.....	123	THE MAGNAVOX CO.....	96
ALLEGHENY LUDLOW STEEL CORP.....	2	Agency—Maxson, Inc.....	
Agency—Walker Advertising, Inc.....		MANITOBA DEPT. OF INDUSTRY & COMMERCE.....	112
AMERICAN AIRLINES, Inc.....	97	Agency—McKinnell & Co., Ltd.....	
Agency—Rothblatt & Ryan, Inc.....		MANNING, MAXWELL & MOORE, INC.....	108
AMERICAN APPRAISAL CO.....	54	Agency—Briggs & Varley, Inc.....	
Agency—Klan Van Pelterson-Imperial Assoc., Inc.....		MARSH & MOLEMAN, INC.....	104
AMERICAN LUMBER & TREATING CO.....	89	Agency—Dorsett & Co., Inc.....	
Agency—Fuller & Smith & Ross, Inc.....		THE GLENN L. MARTIN CO.....	103
AMERICAN TELEPHONE & TELEGRAPH CO.....	4	Agency—Vasquez, Burdette & Co., Inc.....	
Agency—N. W. Ayer & Son, Inc.....		MASS. DEVELOPMENT & INDUSTRIAL COMM.....	89
ASSOCIATED SPECIALTIES CO., INC., ETC.....	108	Agency—Bernard F. Ostreicher.....	
Agency—Rofe & Spinning, Inc.....		THE MCBEE CO.....	12
ASSOCIATION OF AMERICAN RAILROADS.....	44	Agency—J. LaRochelle and Co.....	
Agency—Benton & Bowles, Inc.....		METROPOLITAN LIFE INSURANCE CO.....	51
BALTIMORE & OHIO RAILROAD.....	57	Agency—Young & Rubicam, Inc.....	
BANKERS BOX CO.....	54	THE MICHAELS ART BRONZE CO., INC.....	101
BELDEN MFG. CO.....	4	Agency—Jaggy & Co.....	
Agency—The Fensholt Co.....		MILPRINT, Inc.....	48
BLAW-KNOX CO.....	95	Agency—Jim Baker Assoc., Inc.....	
Agency—Al Paul Lefton Co., Inc.....		MOORE PUBLISHING CO.....	110
BLAW-KNOX CO.....	107	Agency—Chas. A. White Jr. & Co.....	
Agency—Russell W. Gray, Inc.....		MOSLER SAFE CO. & CORP.....	98
BURROUGHS ADDING MACHINE CO., INC.....	47	Agency—Albert Frank Guenther Law, Inc.....	
Agency—Campbell-Bowditch Co.....		NATIONAL COTTON COUNCIL.....	124
THE E. W. BURMAN CO.....	107	Agency—Herbert Rogers Co.....	
Agency—The S. C. Hart Co.....		NATIONAL TRUCK LEASING SYSTEM.....	100
CENTRAL PAPER CO., INC.....	94	Agency—A. Martin Rothblatt, Inc.....	
Agency—Crescent Advertising Co.....		NATURAL RUBBER BUREAU.....	11
CITY BANK FARMERS TRUST CO.....	87	Agency—Channing L. Hete Co., Inc.....	
Agency—Kenneth Sinclair, Inc.....		NEBRASKA RESOURCES DIV.....	62
CITY OF SAN ANTONIO.....	38	Agency—Ayers Adv., Inc.....	
Agency—Claude Arnold and Assoc.....		NEW DEPARTURE DIV., GENERAL MOTORS CORP.....	49
CLARK INDUSTRIAL TRUCK DIV. CLARK EQUIPMENT CO.....	40	Agency—J. M. Hightman, Inc.....	
Agency—Gebhardt & Brookman, Inc.....		NOX-RUST CHEMICAL CORP.....	99
COHEN CORP.....	42	Agency—Charles Silver & Co.....	
Agency—Carl Zenger Adv., Inc.....		THE OREGONIAN.....	94
COMMONWEALTH EDISON & AFFILIATES.....	35	Agency—MacWhirter, Cole & Weber.....	
Agency—J. H. B. Smith, Inc.....		OTIS ELEVATOR CO.....	50
CONTAINER CORP. OF AMERICA.....	66	Agency—D. M. Bradford Co.....	
Agency—J. H. B. Smith, Inc.....		OSALID PRODUCTS DIV. OF GENERAL ANILINE & FILM CORP.....	91
CORNING GLASS WORKS.....	17	Agency—The Ross Co., Inc.....	
Agency—Charles L. Bunnett & Co., Inc.....		PACKARD MOTOR CAR CO.....	93
CROTTY BROS.....	28	Agency—Young & Rubicam, Inc.....	
Agency—Blaker Adv. Agency, Inc.....		PENNSYLVANIA SALT MFG. CO.....	67
CUTLER-HAMMER, Inc.....	63	Agency—Glen-Marston, Inc.....	
Agency—Kirkwood Bros.....		PLANKON DIVISION, LIBBEY-OWENS-FORD GLASS CO.....	118
JOSEPH P. DAY, Inc.....	122	Agency—McIntosh & Fox-Smith, Inc.....	
Agency—Street and Finney.....		PORT OF PHILADELPHIA.....	82
DROP FORGING ASSOCIATION.....	60	Agency—Robert Mendry, Inc.....	
E. I. du PONT de NEMOURS & CO.....	7	PRATER PULVERIZER CO.....	56
Agency—Barton, Barton, Durstine & Osborn, Inc.....		Agency—Almon Brooks Wilder, Inc.....	
ECONOMY PUMPS, Inc.....	80	THE PULLMAN CO.....	18
Agency—The S. C. Hart Co.....		Agency—Young & Rubicam, Inc.....	
THE ELECTRIC AUTO-LITE CO.....	6	PYRENE MANUFACTURING CO.....	113
Agency—Rothblatt & Ryan, Inc.....		Agency—Gray & Rogers Adv.....	
ELECTRIC STORAGE BATTERY CO.....	14	RAYBESTOS MANHATTAN, INC.....	35
Agency—George Leachman Co.....		Agency—Gray & Rogers Adv.....	
ELLIOTT ADDRESSING MACHINE CO.....	45	RECORDAK CORPORATION (Sub. of Eastman Kodak).....	117
Agency—Allen & Richards.....		Agency—J. Walter Thompson Co.....	
EMERSON ELECTRIC MFG. CO.....	33	RELIANCE ELECTRIC & ENGINEERING CO.....	88
Agency—Winthrop Brandt Co.....		Agency—McIntosh & Fox-Smith, Inc.....	
THE ESSEX HOUSE.....	60	REYNOLDS METALS CO.....	109
Agency—Newhall & Grohmann, Inc.....		Agency—The Grinnell Engineering Co.....	
FARR CO.....	32	RHINELANDER PAPER CO.....	85
Agency—Willard G. Greenleaf & Co.....		Agency—Frank C. Nahser, Inc.....	
FELT & TARRANT MANUFACTURING CO.....	27	ROSS CARRIER CO.....	102
Agency—W. Ayer & Son, Inc.....		Agency—Paxson Advertising.....	
J. L. FERGUSON CO.....	96	ROTARY LIFT CO.....	104
Agency—Arthur H. MacDonald, Inc.....		Agency—Greenleaf & Rank, Inc.....	
FOX RIVER PAPER CORP.....	58	SANTA FE RAILWAY.....	46
Agency—Scott, Inc. Adv. Agency.....		Agency—Law Burnett Co., Inc.....	
FRICK CO.....	90	SKF INDUSTRIES, INC.....	37
Agency—Waymire Adv. Agency.....		Agency—O. S. Tyson and Co., Inc.....	
FRIEDEN CALCULATING MACHINE CO.....	34	SUNROC CO.....	106
Agency—George L. Lann Adv.....		Agency—Hoskins & Arnold, Inc.....	
H. B. FULLER CO.....	100	THE SURETY RUBBER CO.....	108
Agency—Dunstall & Foley, Adv.....		Agency—H. M. Kinsmanmouth Co.....	
GENERAL BOX CO.....	43	SWEET'S CATALOG SERVICE.....	36
Agency—The Dunlop Co.....		Agency—Fuller & Smith & Ross, Inc.....	
GENERAL ELECTRIC CO., CHEMICAL DEPT.....	2nd cover	TOLEDO SCALE CO.....	83
Agency—Benton & Bowles, Inc.....		Agency—Benson-Faller-Reichert, Inc.....	
GENERAL ELECTRIC CO., AIR CONDITION. INC. DEPT.....	80	THE TRANE CO.....	70
Agency—Kenton & Eckhardt, Inc.....		Agency—Tatham Laird, Inc.....	
GENERAL MOTORS CORP., CHEVROLET MOTORS DIV.....	79	UDV-LITE CORP.....	3rd cover
Agency—Campbell-Bowditch Co.....		Agency—Grant Advertising, Inc.....	
GENERAL OUTDOOR ADV. CO.....	125	U. S. STEEL CORP., CARNEGIE ILL. DIV.....	31
Agency—Campbell-Bowditch Co.....		Agency—Barton, Barton, Durstine & Osborn, Inc.....	
GLOBE AUTOMATIC SPRINKLER CO., INC.....	92	U. S. STEEL SUPPLY CO.....	68
Agency—Marshall & Pratt Co.....		Agency—Barton, Barton, Durstine & Osborn, Inc.....	
THE GLOBE-WERNICKE CO.....	105	VEEDER-ROOT, INC.....	3
Agency—Kammann-Mahan, Inc.....		Agency—Sutterland Advertising.....	
THE B. F. GOODRICH CHEMICAL CO., HN cover		WAGNER ELECTRIC CORP.....	29
Agency—The Goodrich Chemical Co.....		Agency—J. R. Mosier, Inc.....	
GOODYEAR TIRE & RUBBER CO., INC.....	64-65	WEBER ADDRESSING MACHINE CO.....	116
Agency—Kudner Agency, Inc.....		Agency—Almon Brooks Wilder, Inc.....	
GRAND RIVER OIL AUTHORITY.....	125	WARREN WEBSTER & CO.....	106
Agency—Watts Payne Adv., Inc.....		Agency—William Jenkins Adv.....	
GUARANTY TRUST CO. OF N. Y.....	81	WEST VIRGINIA INDUST'L & PUB. COMM.....	106
Agency—Albert Frank Guenther Law, Inc.....		Agency—Advertising, Inc.....	
HARDWARE MUTUALS.....	41	WESTINGHOUSE ELECTRIC CORP.....	8
Agency—Roche, Williams & Cleary, Inc.....		Agency—Fuller & Smith & Ross, Inc.....	
INDUSTRIAL TAPE CORP.....	53	WESTINGHOUSE ELECTRIC CORP. (Elevator Div.).....	5
Agency—Kenton Eckhardt, Inc.....		Agency—Fuller & Smith & Ross, Inc.....	
JARMAN-WILLIAMSON CO.....	110	WHEELING CORRUGATING CO.....	61
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LOEW'S, INC.....	114	ZIPPO MFG. CO.....	115
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# Hawaii—A Bridge to Asia

- A Hawaiian agronomist studied the typhoon-torn terrain of Okinawa this week, trying to figure ways to increase crop production.
- In a multitude of mid-Pacific islands, 8,000 dark-skinned natives were learning homemaking, gardening, and health education in 144 schools developed by the U.S. Navy with the advice of 17 Hawaiian educators and scientists.
- On Guam, teachers look to University of Hawaii extension courses and extension representatives to improve their educations.
- In the military government of Japan, and in the South Pacific commission of the United Nations, Hawaiians are playing a part.
- In Washington, Hawaii's voteless delegate to Congress is carrying the fight to win full privileges for the American national in Guam and American Samoa, two distant U.S. possessions that often look to Hawaii for leadership.

These are some of the reasons why the Hawaiian delegate, Joseph R. Farrington, publisher of the Honolulu Star-Bulletin, argues that Hawaii is a lighthouse of democracy in the Pacific, an important political bastion in the United States' defense against Asiatic communism.

The Senate Committee on Interior & Insular Affairs has started hearings on Farrington's bill to make Hawaii the first offshore state. The bill has already passed the House 262-110.

There is little or no question of Hawaii's wealth, its training in democracy, its Americanization, its ability to govern itself.

## A Policy Question

But there is the larger question of U.S. policy in admitting an offshore territory with a large non-Caucasian population. (Hawaii has about one-third Caucasians, one-third Japanese, and the rest Hawaiians, Chinese, and Filipinos.)

Farrington and other Hawaiian leaders feel the islands have brought to the U.S. a new national resource—a population that is the logical stepping stone between the U. S. and the Orient.

Hawaii has had U.S. citizenship rights since 1898. There are now thousands of citizens of Chinese, Japanese, Korean, and Filipino ancestry, who understand the customs, and, in some cases, speak the language of the country of their fathers and grandfathers, yet are still firmly American.

America has always had cultural ties with Europe. Now, the Hawaiians ask, what more logical intermediaries to carry an understanding of U.S. democracy to the Orient?

An emissary from Hawaii would never have the trouble of the U. S. ambassador who had been in China some 20 years and never learned to speak the language.

And what more telling evidence of U.S. sincerity in

its professions of equality for all than to point to Hawaii as a full-fledged state?

The business offices of Honolulu are ample evidence that a man, regardless of race, can get ahead under the American system.

A sampling by the Hawaiian Economic Foundation showed that 53% of the directors of Hawaii business firms are non-Caucasians (although directors of Hawaii's Big Five firms are almost all "haoles," or Caucasians).

When members of the Japanese Diet toured America this spring, they found one of the few U. S. officials who could speak their own language in Wilfred C. Tsukiyama, 53, president of the Hawaii Senate.

Hawaii sent several hundred unofficial emissaries to Japan this spring—Hawaiian businessmen who combined business trips with an opportunity to see the cherry blossom festival in the land of their forefathers.

Farrington can point to other instances to back his point. Two founders of democratic regimes in Asia, Sun Yat Sen in China and Dr. Syngman Rhee in Korea, lived many years in Honolulu. Sun Yat Sen got his grade school education there. Dr. Rhee took refuge there in exile.

All of Hawaii's professional men are graduates of U. S. mainland institutions, since Hawaii has no schools of medicine, dentistry, or law.

A change in the political status of the archipelago has been pushed by Hawaii for years. Territorial legislatures made appropriations in 1907, 1911, 1913, 1915, 1917, 1925, 1932, 1935, 1937, and 1939 to underwrite congressional investigations as to the fitness of Hawaii for statehood.

A House investigating committee in 1946 tackled the question whether the mixed racial composition of the islands would be a military hazard in time of war and a political hazard in time of peace. The committee finally reported that the people had "demonstrated beyond question not only their loyalty and patriotism but also their desire to assume the responsibility of statehood." The report urged that the mixed races not be considered as an obstacle to statehood.

## Good Arguments

The committee report and Farrington's arguments sound persuasive to us. We believe that the time has come to admit Hawaii as the 49th state.

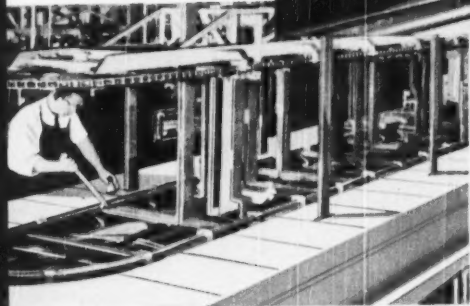
After all, we find it difficult to see our democratic nation resist change in the status of our own dependencies, such as Hawaii and Alaska, when we nod in favor of the independence of former European colonies. If we endorse the aspirations of India and others for self-government, what basis is there for delaying any longer the pleas for admission into the American union?

And, to the threat of further advances of communism in Asia, an extension of our boundaries beyond continental U. S. is an aggressive answer.

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## How HYCAR tames the mud that bites

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